

CITY OF SOMERTON

“CITY OF SOMERTON 2008 PROCUREMENT POLICY”

This document sets forth in their entirety the “CITY OF SOMERTON 2008 PROCUREMENT POLICY”, which are incorporated by reference in Resolution #2008-011 and Ordinance No. 2008-004

Effective March 18th, 2008

Purchasing Cheat Sheet

Purchasing Authority: Dollar Limits on Purchasing Authority for Standard Purchases

Up to \$3,000.00 - The Purchasing Agent and Department Directors

From \$3,000.01 up to \$9,999.99 - The Administrative Services Director

From \$10,000.00 to \$29,999.99 - The City Manager

From \$30,000.00 - The City Council

Expenditures over \$1,000.00

Any expenditure over \$1,000.00 shall require three verbal price quotes (documented).

Expenditures over \$3,000.00

The Departments or Purchasing Agent must receive three written price quotes from vendors in response to a complete set of written specifications or scope of work for acquisitions from \$3000.01 to \$30,000.

Expenditures over \$30,000.00

If the expenditure exceeds \$30,000.00 the bids must be sealed and must pursue a competitive process.

Purchases that are exempt from requisition submission are:

- a. Salaries and related costs; FICA, Federal and State withholding tax, workman's comp, employee retirement, etc.
- b. Visiting judges, and City court reporters
- c. Jury and witness fees (does not include expert witness)
- d. Travel (utilize Per Diem request and receipts for reimbursement)
- e. Utilities: telephone, gas, electric, water, etc.
- f. Uniform allowances for Public Safety
- g. Intergovernmental service department charges; photocopier, mechanical
- h. Expenditures from Petty Cash (when replenishing the Petty Cash Fund utilize a check request);
- i. Purchases of \$1,000 or less (Utilize a Purchase Order, do not create a requisition) except for Credit Card purchases of \$1,000 or less accompanied by receipts;
- j. Emergency purchases of low-cost items. These may, in certain circumstances be purchased directly by user departments
- k. Insurance settlements/payments (utilize a Check request)
- l. Contracts approved for formal processing (process progress payments utilizing a check request)
- m. State Sales Tax (utilize a check request)
- n. Postage Machine Replenishment
- o. Bulk fuel deliveries for gasoline & diesel
- p. Employee Cell phone reimbursement (Use check request)
- q. Employee reimbursement for safety boots (Use check request)
- r. Others, as approved by the City Council

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Procurement is the acquisition of goods and/or services at the best possible total cost of ownership, in the right quantity and quality, at the right time, in the right place for the direct benefit of the City Of Somerton.

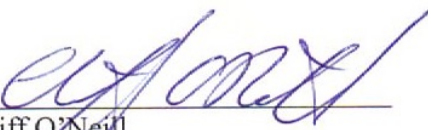
The *City of Somerton's Procurement Manual* is the employee's guide to city policies and procedures for obtaining materials, supplies, equipment, contractual services and all other items of a consumable nature. The proper understanding of purchasing policies and procedures can save the city time and money.

With adequate planning and team work by all departments and all city employees, much can be accomplished toward furthering the growth and services rendered by each department. This manual will not answer all questions, but it should be an aid in reaching the goals set.

Employees having recommendations for change, revision, or additions to the procurement manual should submit them to their Department Director, who will research and submit recommendations to the Administrative Services Director, who will advise the City Manager.

All policies being considered for inclusion in the procurement manual must be approved by the City Council before distribution and will be done through the City Manager.

The City of Somerton reserves the right to change, eliminate, or add to the Procurement Manual. Changes to these policies may be made only with the approval of City Council.


Cliff O'Neill
City Manager

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ARTICLE I – General Provisions

1.1 Purpose

The purpose of our purchasing or procurement policy is to establish fairness and uniformity among the City's departments and to ensure that purchase of goods and services by the City of Somerton comply with all legal, fiscal and insurance requirements established by federal, state, or county government. The manual is intended to be used as a reference by City staff, vendors and the general public with respect to these policies. The policies presented in this manual have been reviewed and approved by the City Council, and should be used to determine the appropriate policies to be followed for a particular procurement. In cases where this policy does not address a particular situation, the Arizona State Procurement Code found in Title 41 of the Arizona Revised Statutes will be followed. A glossary is attached to the end of this manual for the reference of readers. The Council reserves the right to amend or change these policies and any subsequent changes to these policies shall be incorporated by reference into all contracts with the City.

More specifically, the purchasing policies strive for the following goals:

- a.) Maximization of competition: In order to be responsible to the public, these specifications are written to allow the purchasing process to be as open as possible to a number of qualified vendors.
- b.) Equal and fair competition. It is our goal that vendors are provided the same information regarding the availability of contracts, and products or service needs and specifications and their responses such as price quotes are kept confidential until the purchases are completed and so no favoritism is shown in the purchasing process.
- c.) Predictability. City staff has a clear indication of the rules for the type of purchase in question so that their time and efforts are best utilized.
- d.) The best value at the lowest price: The money available for City services is maximized so that purchases are made the lowest price for the product or service that best meets the needs of the city.
- e.) Ethical procedures: To prevent and/or disclose conflicts of interest between vendors on the part of city staff, elected officials and/or appointed officials.
- f.) Budget Responsibility. To ensure that expenditures do not exceed the funds allocated through the City's budgetary process.

1.2 Applicability/Exclusions

All city agencies, elected officials and employees are subject to this policy. This policy shall be incorporated by reference into all contracts and any purchases ordered or contracts entered into with the City and contrary to the provision hereof shall not be binding upon the city unless later ratified in accordance with these procedures.

Employees, agents, appointed or elected officials making expenditures outside of these authorized procedures, or without full ratification of the City Council, may result in their own personal liability.

1.3 Authority

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The City Council is the only entity of the City of Somerton that has the legal authority to incur financial, legal and other obligations on behalf of the City, its agencies, employees and elected officials. To ensure fiscal control, the City Council must approve all contracts or specifically authorize a designated elected or appointed official to enter into contracts as provided in Somerton City Code, Article 3-4, Section 3-4-4, Paragraph I.

The City Council has delegated purchasing authority according to certain parameters and subject to the procedures outlined herein. Variations from these general parameters require one of the following:

- a.) specific approval of City Council;
- b.) specific authority in Arizona Revised Statutes;
- c.) the City Manager may approve emergency or field expediency purchases to personnel in other City Departments, as specified in Article VIII below, provided such delegation is limited, specific, and subject to immediate revocation.

1.4 Contract Preparation

All purchases of goods and services must be made pursuant to written contracts, executed in the name of the City of Somerton by the Mayor or City Manager; except as it may be otherwise be provided other by this policy or by law. Except for the City's standard purchase orders and blanket purchase orders (see below), all contracts shall be reviewed and approved as to form by the City Attorney.

1.5 Contract Administration

The department assigned as the "contracting department" shall be responsible for monitoring contract performance unless otherwise designated by the City Manager. Each Department Director will keep the City Manager up to date on the status of all contracts.

Oversight of the purchasing policies will be shared among the several departments as follows:

- a. The City Manager has the authority to issue invitations for formal bids and Requests for Proposals, and may delegate this authority to one or more Department Directors in writing.
- b. The Public Works Director shall coordinate and manage the disposal of the City's surplus and obsolete materials and equipment.
- c. The Administrative Services Director will develop the specific procedures necessary for the purchasing process.
- d. The City Manager may designate a city employee to be an additional "Purchasing Agent" on a temporary basis in order complete a purchase of goods and/or services.

1.6 Role of Purchasing Agent

The primary role of the Purchasing Agent is it is to expedite the purchasing process through the best sources and at the best prices consistent with quality, delivery, services and any local vendor performance that may occur. The Purchasing Agent is generally not empowered to approve or disapprove a purchase – that is the role and duty of City Council, City Manager, and the Department Directors and other designated Supervisors; The Purchasing Agent does have disapproval authority for items not appropriate to the

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department's mission, not deemed to be a necessary purchase, for which the Vendor has shown non-performance previously, duplications and/or obvious miss-orders.

1.7 Contract Performance Monitoring

The Purchasing Agent and the ordering department are jointly obligated to ensure that compliance with the purchase order or other contract has been met prior to payment to any supplier or vendor. The Purchasing Agent shall be authorized to take appropriate actions against suppliers when contract terms are not satisfactorily performed, and the assistance all the City Departments benefiting from such contracts is very important in this regard.

In order to ensure the follow up, the Purchasing Agent will be responsible to maintain records and notes sufficient to complete the following tasks:

- a.) maintain, in an accessible format, a records of the specific goods, work or services ordered, including performance requirements; and
- b.) establish a tickler system of which review all items delivered pursuant to purchase order to ensure the receipt or lack of receipt of the goods, work or services'
- c.) report completion and/or non-performance to the contracting department within 15 days of a the contract completion date;

In the event the goods or services are not furnished by the required due date, or is delayed such that the Purchasing Agent anticipates non-completion by the required due date, the requesting department should contact the supplier to determine the reasons for delay and identify when the goods or services will be furnished. In the event the supplier indicates that they do not intend to furnish the goods or services, or the reason for the delivery delay is not acceptable, the Purchasing Agent will immediately cancel the purchase order.

1.8 Vendor's List

The City of Somerton does not maintain vendors' lists. Vendors may submit data relating to their products at any time, which is on file in the Purchasing Agent's office. Department Directors are responsible to keep themselves up-to-date regarding sources of supplies for their needs.

ARTICLE II - Purchasing Procedures

2.1 Acquisition of Goods, Materials & Non-professional Services

To ensure the City's compliance with budget restrictions, and the availability of funds for essential services, purchasing procedures exist which require that all purchases for service and commodities and/or goods must be initiated by a purchase order and handled via the purchase order process with the exception of petty cash purchases, and specialized contract services set out in paragraph 2.6 below,.

The amount of cost analysis and procedural formality required by these policies varies with the specifics of each transaction, including the amount of money, the type of goods and services, the availability of competing vendors, and the urgency of the matter for which goods and/or services are sought.

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In making a purchase, City staff and/or officials should ensure compliance with the procedures with respect to all of the following aspects:

- a.) Who has the authority to make the purchasing decision;
- b.) How to obtain complete and competitive information about the availability of and the pricing for products and services;
- c.) How to communicate to potential Vendors;
- d.) How to receive communications from Vendors as to their prices and services in order to obtain the information in a form which will provide useful comparative information
- e.) Which vendors are authorized vendors; and
- f.) How to ensure the City has the funds available in its budget for the purchase, and that those funds are set aside between the time the products and/or services are ordered and the time it is received and paid.

2.2 Purchasing Authority: Dollar Limits on Purchasing Authority for Standard Purchases

The chart below identifies the type of comparative pricing information required for standard purchases, divided into different cost levels.

Up to \$3,000.00

The Purchasing Agent and Department Directors may approve purchases and contracts of less than \$3,000.

From \$3,000.01 up to \$10,000.00

The Administrative Services Director may approve purchases for amounts less than \$10,000.

From \$10,000.01 to \$29,999.99

The City Manager must approve all purchases of goods and services for amounts between \$10,000.01 and \$29,999.99.

From \$30,000.00

The City Council must approve all purchases of goods and services for at least \$30,000 in a public meeting. The requests for purchase must be routed through Finance, Purchasing, and City Attorney prior to the public meeting.

2.3 Purchase Orders

A purchase order is a standardized contract between the City of Somerton and a vendor or supplier for the procurement of equipment, supplies, services, materials, and the lease/purchase or rental of equipment. The City of Somerton has no obligation for purchases made without an authorized purchase order despite any pattern of previous purchases from a vendor or supplier or based on prior purchasing history.

Department Directors are responsible for maintaining budget and purchase integrity. No person will submit a purchase order for goods or service without sufficient approved funds available to meet the purchase obligations. This practice applies to all purchase orders regardless of the source of funding. Department Directors are responsible for

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approving and/or disapproving budget requests within their areas consistent with overall guidelines established by the City Manager.

All purchase orders must be reviewed and approved by the appropriate operating Department Director or supervisor to determine that budgeted funds are available to cover the purchase. Operating departments are fully responsible for establishing internal controls to assure that sufficient funds exist within their budget to cover all purchases.

a.) General Information

Except in emergencies, the Administrative Services Department will only allow a purchase order after receipt of an approved purchase requisition from a user department. The purchase order will be completed per the most recent approved procedure.

b.) Blanket Purchase Orders

The use of blanket purchase orders must be very limited, or control over expenditures and economy in purchasing will decrease since these purchase orders do not encumber existing budgeted funds and therefore increase the risk of budget shortfalls.

Blanket purchase orders may be used for purchases that require multiple payments and/or deliveries for undetermined amounts such as automotive repair parts or when more than one department is sharing the costs of the goods or services.

Only Accounting may initiate blanket purchase orders. Departments requesting a blanket purchase orders must place the order in writing, and, absent the following terms, will not be approved:

- a.) a statement as to why a standard purchase order does not suffice;
- b.) an explanation of the period covered
- c.) a "not to exceed amount" to be purchased during the period.

c.) Ratification of Purchases not authorized by Purchase Order

Confirming purchase orders will be accepted only on a proven emergency basis and must be submitted to the Purchasing Agent the next work day. Invoices received without valid purchase order should be returned to the vendor informing them to contact and collect from individual who placed the unauthorized order.

Accounts Payable shall be required to verify invoice dates against the date the purchase order was authorized prior to approving payment of a purchase order. All purchases not approved prior to the placement of the order will be returned to the department concerned.

d.) Amendments to Purchase Orders

Employees will not add items to a purchase order once approved without the prior approval of the Purchasing Agent. Added items not approved in advance will be handled as outlined in paragraph 2.3 above.

e.) Failure to Fill Purchase Order within 90 days

If a purchase order is not filled within 90 days of issuance without notification from the supplier, or if prior arrangements for specified delivery time have been made, that

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purchase order may be canceled. The Finance Department will discuss this with the requesting department prior to canceling an order.

f.) Insufficient Funds

If the account to which the purchase order applies lacks a sufficient balance to pay the funds necessary to complete the purchase, said order will be referred to the Administrative Services Director. If required the City Manager will review the proposed expenditure and if warranted notify the Department Director that they have the following courses of action they may take:

1. Withdraw the request
2. Request a transfer of funds in budgeted accounts
3. Request a budget supplement to cover cost of purchase order. Such a budget transfer of supplement funds must be fully explained by the Department Director and then placed on Council Agenda for formal Council Action

2.4 Bid Requirements: Formal Bid and Quote Levels

To ensure competition for pricing, three price quotes must generally be obtained prior to selecting a vendor. In some cases, the City official or staff must make the request for a price quotes in writing and in some cases the requests for price quotes may be made orally. In some cases, the price quote must be received in writing, in some cases the quoted price may be received orally and later placed in writing through the requisitioning process. In some cases, the request for quotes must contain very specific information about the scope of the work and other matters, in some cases it need not.

Again, the cost analysis and procedural formality required by these policies varies with the specifics of each transaction, including the amount of money, the type of goods and services, the availability of competing vendors, and the urgency of the matter for which goods and/or services are sought. These rules are set out below:

Expenditures over \$1,000.00

Any expenditure over \$1,000.00 shall require three price quotes. The price quotes may be given orally, that is, they need not be put into writing, and the request for the price quote may also be put in writing but need not be.

Expenditures over \$3,000.00

The Departments or Purchasing Agent must receive three written price quotes from vendors in response to a complete set of written specifications or scope of work for acquisitions from \$3000.01 to \$30,000. The Department Directors or Purchasing Agent must have a set of written specifications or scope of work, list of vendors contacted and all written responses or non-responses from vendors on file. For any procurement between \$10,000 and \$30,000 a copy of the written specification or scope of work and all written responses must be retained by the using department or the Purchasing Agent.

Expenditures over \$30,000.00

In addition to the requirements for all expenditures over \$3,000.00, if the expenditure exceeds \$30,000.00 the bids must be sealed and must pursue a competitive process. (Exceptions exist as set out below.)

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SUMMARY CHART OF REQUISITION AND PRICE QUOTES

(1) Requires requisitions & price quotes

\$1,000.01 to \$3,000	Three Verbal (Oral) Quotes.
\$3,000.01 to \$30,000	Three Written Quotes.
Above \$30,000	Sealed Competitive Bids.

2.5 Personal Service and Construction Contracts: Exemptions from requisition submission

Certain types of services, such as personal services contracts, which are highly specialized, are exempt from the competitive sealed process since there are many other factors which must be considered in making a choice of vendors such as experience, availability, staffing levels, licensing and insurance. These are set out below:

a.) Acquisition of Architectural and Engineering Services

The employment of an architect on projects less than \$250,000 or engineering, landscape architect, assayer, geologist or land surveyor for projects less than \$500,000 may be selected by direct selection, or a Qualifications Based Selection (QBS) system. For projects exceeding \$250,000 for architects, or engineering, landscape architects, assayers, geologists and land surveyors projects exceeding \$500,000 the QBS process must be used. These processes and definitions are discussed in Article IV, Paragraph 4.3

b.) Acquisition of Legal Services

\$1,000.01 Qualified vendor – The cost of goods and/or services over \$1,000 for any legal services the vendor must be “qualified” to provide those legal services through accreditations, certifications, or defined by state statute.

All elected officials, volunteers, and employees must have approval from the City Manager, City Attorney’s Office and the City Council in order to obtain legal services outside the City Attorney’s Office, even if the services are on a pro-bono basis. The City Magistrate, City Attorney, and City Prosecuting Attorney may, in accordance with the City purchasing policy, acquire legal services in the discharge of their regular duties as required by statute. All legal services required by the City Magistrate, City Attorney, and City Prosecutor outside the regular course of business require approval of the City Manager, City Attorney, and City Council.

c.) Acquisition of other Professional Services

\$1,000.01 to \$3,000	Three Verbal Proposals.
3,000.01 to \$30,000	Three Written Proposals.
Above \$30,000	Formal RFP process.

d.) Acquisition of Construction Contracts

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Construction contracts will be awarded through a solicitation of bids in accordance with Title 34 of The Arizona Revised Statutes.

2.6 Internal Controls: Requisitions for items greater than \$1,000.00

In order to ensure that City funds are both available for a purchase, that the purchase is essential to the department's function, and to set aside funds from the budget while payment is pending, an internal process exists which requires items to be requisitioned. This procedure allows City departments to obtain necessary equipment, materials, supplies and services, and for the rental and leasing of equipment, when the anticipated cost is above \$1,000.

Requisitions must be entered into the financial management system and approved by the City Manager, the Administrative Services Director, or the Purchasing Agent depending upon level of approval prior to making purchases see Article II paragraph 2.2. An exception exists for emergency situations as set out below.

Requisitions convey to the vendor and the Administrative Services Department exactly what the requesting department's needs are and provides a method to check the availability of budgeted funds. Requesting departments should make certain the requisition contains a description of the product or service description in clear, concise and sufficient terms for the buyer to make the proper purchase.

Requisitions that are properly created increase the efficiency of the procurement process and reduce the time needed to process the requisition. The requisition will be completed per the most recent approved procedure.

Purchases that are exempt from requisition submission are:

- a. Salaries and related costs; FICA, Federal and State withholding tax, workman's comp, employee retirement, etc.
- b. Visiting judges, and City court reporters
- c. Jury and witness fees (does not include expert witness)
- d. Travel (utilize Per Diem request and receipts for reimbursement)
- e. Utilities: telephone, gas, electric, water, etc.
- f. Uniform allowances for Public Safety
- g. Intergovernmental service department charges; photocopier, mechanical
- h. Expenditures from Petty Cash (when replenishing the Petty Cash Fund utilize a check request);
- i. Purchases of \$1,000 or less (Utilize a Purchase Order, do not create a requisition) except for Credit Card purchases of \$1,000 or less accompanied by receipts;
- j. Emergency purchases of low-cost items. These may, in certain circumstances be purchased directly by user departments
- k. Insurance settlements/payments (utilize a Check request)
- l. Contracts approved for formal processing (process progress payments utilizing a check request)
- m. State Sales Tax (utilize a check request)
- n. Postage Machine Replenishment
- o. Bulk fuel deliveries for gasoline & diesel
- p. Employee Cell phone reimbursement (Use check request)

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- q. Employee reimbursement for safety boots (Use check request)
- r. Others, as approved by the City Council

2.7 Special Items: Check Requests

A check request is used to pay for travel & per diem expenses, replenish petty cash, make insurance payments, payment of contract services already approved via the purchase order process (liability), security deposit reimbursement City Council donations. This list is not all inclusive but provides basic guidelines for its use. See Appendix D for form

2.8 Powers and duties of Purchasing Agent.

The purchasing agent has the following responsibilities which may be delegated by the City Manager as needed to Department Directors;

- a.) Supervise the purchase of all materials, supplies and equipment for which funds are provided in the budget or by specific city council action;
- b.) Negotiate contracts necessary for operation or maintenance of city services for amounts up to and including \$30,000 once approved by proper authority;
- c.) Negotiate for purchases or contracts in excess of \$30,000 upon approval of City Council;
- d.) Receive sealed bids for purchase or contracts in excess of \$30,000.00 and present them to the City Council for approval;
- e.) Advise the Council on the advantage or disadvantage of contract and bid proposals;

The Purchasing Agent is not able to negotiate for new construction contracts. Further, said authority shall not extend to any contract or obligation incurred for any item or service which exceeds the current budget appropriation without a supplemental appropriation by the council.

No contract for new construction shall be let except by the City Council.

2.9 Types of Contracts

The Purchasing Agent may issue the following types of contracts either on his own initiative for \$3,000.00 or less, up to \$30,000 with proper authority and with City Council action for those areas over \$30,000.00, after City Attorney review and concurrence

- a.) Fixed price contract
- b.) Lease: A lease may be entered into only after the Purchasing Agent determines in writing that:
 - 1. A lease is advantageous to the city.
 - 2. All conditions for renewal and cost determination are set forth in the lease.
 - 3. The lease is not used to circumvent required procurement procedures
- c.) Lease with purchase option
- d.) Time and material contracts and labor hour's contract
 - 1. Cost-plus or cost incentive contracts shall not be used.
 - 2. Fixed price contracts. A fixed-price contract may be used if:
 - a. The extent and type of work necessary to meet city requirements to the city can be reasonably specified; and

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- b. A firm fixed-price contract may be used if prices advantageous to the city can be established at the outset of the contract.
- c. Fixed-price contract with price adjustment.
 - (1) The solicitation for a fixed-price contract with price adjustment and the contract shall specify the basis for determining the price adjustment.
 - (2) Notice of price adjustment shall be given by the contractor in the manner and within the time specified in the contract.

Time and materials and labor hour contracts shall contain a stated ceiling or an estimate of a contractual amount that shall not be exceeded without prior approval of the Purchasing Agent.

- (1) A time and materials or labor hour contract may only be used if:
- (2) Personnel have been assigned to closely monitor the performance of the work:
- (3) It is advantageous to the city to use such contract; and
- (3) No other contract type is practicable.

The City Council shall have the final approval authority on all purchases for supplies, materials, equipment or services requiring a bid.

2.10 Open Market Procedures

Purchase of supplies, equipment, contractual services and sales of personal property of an estimated value in the amount of \$1,000 or more will be made by the Purchasing Agent in the open market.

- a.) Open market purchase shall, wherever possible, be based on at least three (3) bids and may be awarded to the lowest responsible bidder.
- b.) The Purchasing Agent shall solicit bids by written requests to prospective vendors, by telephone and by public notice posted on a public bulletin board at City Hall. The city shall obtain, if possible, informal competitive bids in writing or telephonic from at least three (3) suppliers or contractors on expenditures over \$1,000. The city shall accept the informal competitive bid which, under all the circumstances, appears to be in the best interest of the city or it may reject all informal competitive bids.

2.11 Rejection of Bids

The Purchasing Agent shall have the authority to reject any and all bids, parts of any and all bids, or all bids for any one or more supplies or contractual services included in the proposed contract, when the public interest will be served thereby.

The Purchasing Agent may, at his/her discretion, not accept the bid of a contractor who is in default on the payment of taxes, licenses or other monies due the city or other governmental agency when such taxes, licenses or other monies may have impact upon the bid. Agent may condition award of any successful bid upon payment of any and all required taxes, license fees or other monies due to city or other governmental agency or obtaining proper licenses or certifications.

2.12 Low Tie Bids

If low bids are received are for the same total amount and everything else being equal, the contract shall be awarded to one of the low tie bidders by drawing of lots in public.

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2.13 Taxes

City of Somerton is responsible for the payment of all applicable sales and use taxes as may be required by the State of Arizona or its political subdivisions, or municipalities, in accordance with State tax laws, or local tax laws.

2.14 Capital Outlay Buying

Capital Outlay Buying is defined as machinery, equipment, and vehicles with a usual life exceeding one year, costing \$5,000 or more. Also included are land, building and improvements other than buildings costing \$5,000 or more?

Generally, capital outlay purchases must be proposed and approved as part of the annual budget process. However, occasionally it is necessary to make non-budgeted capital outlay purchases when unusual circumstances exist.

Non-budgeted capital outlay purchase requisitions are subject to City Manager review and approval to determine the availability of funds. The Finance Department may review any capital outlay purchases. If the City Manager determines that funds are available, the request will be approved.

2.15 Purchasing with Grant Funds

If a department uses grant funding for purchases and the specific funding agencies policies and guidelines are not covered by the City's Purchasing Policy, compliance with those policies and guidelines is obligatory. Any additional policies or procedures required by outside funding sources should be followed when they apply to a particular procurement.

It is the responsibility of each Department Director to develop departmental policies and guidelines to ensure that all employees adhere to the City's purchasing policies and procedures and any additional purchasing policies and procedures required by their other funding sources.

2.16 Transportation/Freight Charges

Purchase orders notations regarding transportation charges generally fall into these categories:

1. F.O.B. Somerton. When the purchase order is marked in this manner, no transportation charges are to be paid by the city. This is the preferred way to have freight shipped in order to have the vendor "at risk" during shipment.
2. F.O.B. Freight allowed. In these cases the city will pay the freight bill and deduct the amount from the invoice.

2.17 Cooperative Purchasing

The Purchasing Agent shall have the authority to participate with other units of government for the procurement of supplies or services in cooperative purchasing agreements when the best interests of the city would be served thereby.

2.18 Prohibition Against Subdivision

No contract or procurement shall be subdivided to avoid any requirements of this policy.

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2.19 Local Preference in Purchasing

Whenever possible, the City of Somerton prefers to purchase its goods and services from local business establishments in order to stimulate the local economy for the benefit of all Somerton residents. However, the city will not purchase from local businesses at exorbitantly high prices. This is only sound economic and financial practice and is supported by all tax concerned citizens of Somerton. Normally, to afford competition yet provide purchasing preference to local businesses, the following guidelines will be used:

A. Purchase order total of:

1. \$1,000 - \$3,000 10% difference
2. \$3,000 - \$10,000 5% difference
3. \$10,000 and up no preference is given.

B. Typical exceptions to this schedule are:

1. Sole source purchases
2. Emergency purchases
3. Where a significant difference in quality materially affects the outcome of a project or service
4. Where a local business fails to respond to requests for price quotations.

2.20 Petty Cash

A small cash account is allocated for incidental purchases and which is known as the City's Petty Cash Fund. This account is appropriated out of money in the General Fund, not otherwise appropriated, and is allocated by department.

Petty Cash Funds, at the discretion of the Purchasing Agent, may be used to purchases made by employees for incidentals not in excess of \$30.00. Petty cash expenditures may be made for expendable items only. A request for petty cash reimbursement shall be accompanied by a valid receipt for the purchase.

Cash may be advanced to city employees from the Petty Cash Fund for the purpose of purchasing an authorized item. A temporary receipt shall be placed in the fund at the time cash is removed for the purpose of maintaining accountability of the funds at all times. This temporary receipt may be removed from the fund after the purchase transaction has been completed and a balance has been reached.

To maintain an adequate cash balance the employee maintaining the actual fund will provide to the City Manager a statement showing the actual expenditures from each charge made out of the Petty Cash Fund and the City Manager shall approve via a check request reimbursement for expenditures from time to time as may be required.

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The allocation of petty cash is made through the budgetary process, but the maximum amount of cash maintained on-site in the petty cash fund at any given time is as follows:

\$200.00 – Finance Department,
\$50.00 – Police Department,
\$50.00 - Parks & Recreation Department,
\$125.00 – Magistrates Office, and
\$200.00 Change Fund A/R, Cash Drawer #1 – Finance Dept
\$200.00 Change Fund A/R, Cash Drawer #2 – Finance Dept

Abuse of a Petty Cash Fund may result in the requirement for the prior approval of the Purchasing Agent prior to expenditure being made by the offending Department.

Purchases may be made from the Petty Cash Fund when:

1. The item is not carried in the city's inventory;
2. The cost of the purchase is not greater than \$30.00; and
3. It represents an unusual emergency or infrequent expenditure.

EXCLUSIONS:

Purchase or expenses generally prohibited from the Petty Cash Fund are:

1. Items available from the city's inventory;
2. Expenditures for more than \$30.00 except with prior approval of the Purchasing Agent;
3. Payment to employees for services of any kind. (Salaries must be paid through regular Payroll procedures);
6. Payment supported by an unauthorized, uncertified copy or reproduction of an invoice or receipt.
7. Mileage
8. Employees' travel expenses
9. Subscriptions, dues, memberships, registrations and tuitions.
10. Items of a personal nature, which are not generally furnished by the City.

THE USE OF PETTY CASH FUNDS FOR ANY OTHER PURCHASES, INCLUDING CASH ADVANCES, CASHING CHECKS OR FOR ANY OTHER PURPOSE IS ILLEGAL AND MAY SUBJECT THE STAFF TO IMMEDIATE DISCIPLINARY ACTIONS.

2.21 City Asset Management & Inventory

- A. Inventories of items identified as "pilferable" but cost less than \$5,000.00 and city assets shall be conducted annually, preferably at the end of the fiscal year. Department Directors are responsible to maintain a current and up-to-date inventory list at all times.
- B. Items purchased that become part of the city's assets, cost over \$5000.00 and capitalized will be so marked on the purchase order to allow the Accounting Department to identify those items and automatically add them to the city master asset list (capitalized).

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2.22 Purchase Order Delivery Follow-up

The purchase is complete only when satisfactory performance by the supplier has resulted. An interruption or delay in city activities or schedule through failure as any other default and in addition is unfair to the unsuccessful bidders, and authority for payment is granted subject only to the contract terms.

Payment for goods and services will only be made for goods received or services performed in a manner which in conformance with the contract terms including delivery of goods and/or services

- a.) at the appropriate time
- b.) in the appropriate place,
- c.) in the appropriate quantity
- d.) in the appropriate quality.

2.23 Contract Performance Monitoring

The Purchasing Agent and the ordering department are jointly obligated to ensure that compliance with the purchase order or other contract has been met prior to payment to any supplier or vendor. The Purchasing Agent shall be authorized to take appropriate actions against suppliers when contract terms are not satisfactorily performed, and the assistance all the City Departments benefiting from such contracts is very important in this regard.

In order to ensure the follow up, the Purchasing Agent will be responsible to maintain records and notes sufficient to complete the following tasks:

- a.) maintain, in an accessible format, a record of the specific goods, work or services ordered, including performance requirements; and
- b.) establish a tickler system of which review all items delivered pursuant to purchase order to ensure the receipt or lack of receipt of the goods, work or services'
- c.) report completion and/or non-performance to contracting department within 15 days of a the contract completion date;

In the event the goods or services are not furnished by the required due date, or is delayed such that the Purchasing Agent anticipates non-completion by the required due date, the requesting department should contact the supplier to determine the reasons for delay and identify when the goods or services will be furnished. In the event the supplier indicates that they do not intend to furnish the goods or services, or the reason for the delivery delay is not acceptable, the Purchasing Agent will immediately cancel the purchase order and take the necessary steps to secure the goods or services from another source.

2.24 Inspections

Each department utilizing the goods and/or services shall inspect supplies and equipment delivered and contractual services performed immediately to determine their conformance with the specifications set forth in the purchase order or other contract including its supporting documents. Satisfactory or unsatisfactory performance on the part of the vendor, supplier, or contractor will be made known to the Purchasing Agent and become part of the official records.

2.25 Government Surplus

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The Public Works Director has full responsibility for the acquisition and disposal of all government surpluses. Requests for the acquisition or disposal of governmental surplus must be submitted in writing to the Public Works Director.

All using departments shall submit to the Public Works Director, at such time and in such form as he/she prescribe, reports showing all supplies and equipment which are no longer used or which have become obsolete or worn out. The City Manager shall have authority to sell all supplies and equipment which cannot be used by any department for, or trade in the same on, new supplies and equipment, with prior approval of the Council.

The City Council may sell such portions of the real and personal property of the city not needed within a reasonable future time. Each sale shall be made on such conditions as the council may prescribe to the highest responsible bidder after published notice of the sale in accordance with the following schedule:

- A. Personal Property valued in excess of \$500.00 shall be sold after published notice of the sale or auction.
- B. Real Property may be sold after published notice of sale prior to opening of bids or sale at auction.
- C. The City Council shall have the right to reject any and all bids.
- D. The City Council may also in its discretion subdivide and plat city property which it determines to sell, providing restrictions relative to its use and dedicated and alleys remain as determined necessary for the use of the public.

The Public Works Director shall have the right to sell or otherwise dispose of any personal property having a value of \$500.00 or less without published notice but with written advice of such sale or disposal to be given to the City Manager.

2.26 Repairs/Warranty or Guarantee Items

The city purchases numerous items, which have a warranty or guarantee such as tires, batteries, heaters, roofs and new equipment. Before these items are repaired or replaced, the appropriate department director shall review the files to make sure the items is or isn't under warranty or guarantee.

2.27 Administration – Documents and Records

Once a purchase order is written and signed by the Purchasing Agent, no changes will be made to the purchase order without the prior approval of the Purchasing Agent. Defacing or changing records is expressly prohibited and will result in disciplinary action and possible referral for criminal conviction. Records or documents are not to be removed from their normal location without proper authorization.

2.28 City Credit Cards

See Appendix E

ARTICLE III - Competitive Bids

3.1 Purchases of Over \$30,000

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In accordance with the authority delegated by the City Council, the City Manager is responsible for preparation of requests for bids, opening of bids, and recommendations regarding awards in connection with the purchase of supplies, materials and nonprofessional contractual services with an estimated total cost in excess of \$30,000.

City of Somerton follows Arizona State Procurement Code as its authority for public bidding procedures. All purchases of supplies, materials, equipment and contractual services, except professional services which are procured through the formal RFP process described in Article IV, made by the City having an estimated cost in excess of thirty thousand dollars shall be based on sealed, competitive bids. The City Purchasing Agent shall give notice of awards, upon City Council approval. The invitation for bids and specifications must be issued in sufficient time before the purchase is made and in sufficient detail to permit free competition.

Notice of the invitation for bids shall be published in a newspaper in accordance with the provisions of Chapter 2, Title 39, Section 39-204 A.R.S unless the City Council, by at least two-thirds vote of its membership, determines that an emergency exists requiring immediate action to protect the public health or safety. Copies of the invitation and specifications shall be supplied to, and bids shall be solicited from qualified sources consistent with the item to be purchased as determined by the City purchasing agent, including all qualified suppliers who, before the issuance of the invitation notify the purchasing department in writing that they desire to bid on materials, supplies, equipment or contractual services.

Bids shall be publicly opened at the time and place stated in the invitation. On City Council approval, the City purchasing agent shall make awards with reasonable promptness by giving written notice to the responsible bidder whose bid is responsive, i.e., conforms to the invitation, and whose bid is the most advantageous to the City concerning price, conformity to the specifications and other factors. The City Council may reject all bids if rejection is in the public interest.

All supplies, materials, equipment and contractual services with an estimated total cost in excess of \$30,000, will be bid publicly. Emergency and sole source procurements in excess of \$30,000 are explained in articles seven and eight respectively.

Construction Contracts

In accordance with Title 34 of the Arizona Revised Statutes, bids will be solicited for the construction of public buildings and improvements.

3.2 Bid Specifications

The first task which must be completed when a department wishes to purchase an item with a total cost in excess of \$30,000 is the preparation of a bid specification. The specification will be written by the requesting Department. If the item or service required is of a specialized nature, the specification may be written by the department and sent to the Purchasing Agent for editing. Every effort should be made to ensure that the specification provides potential suppliers with a description which is complete and accurate without being overly restrictive. Completed bid specification packets including

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purchase description, delivery and/or performance schedule, and evaluation criteria are available from the Administrative Services Department.

3.3 Call for Bids

After the bid specification is prepared, the Purchasing Agent issues a Call for Bids for the desired item. Pursuant to ARS 39-204, notice of the bid must be published in the newspaper for four (4) consecutive days, and copies of the notice sent to all those who are registered as potential suppliers for the item. Current providers of service contracts will automatically receive a notice of call for bids regardless of whether they are registered on the bidder's list. The Notice will indicate the address to which to return the bids, the time deadline for bid submittal, and the place of the bid opening.

3.4 Pre-Bid Conference

A pre-bid conference and/or walk-through site inspection may be conducted to provide a complete explanation and clarification of all bid specifications to the suppliers. The notice for a pre-bid conference will be stated in the Call for Bid documents.

3.5 Bid Opening

The Purchasing Agent or their designated representative will hold the opening of bids, at the time and location stated in the Call for Bids. A reasonable period of time for the preparation of bids shall be allotted between the issuing of the Call for Bids and the scheduled date of opening. Bids are secured in a locked vault located at City Hall until opening. Bid envelopes will be opened and bids read aloud at the public bid opening. A representative of the City Manager will be present at all bid openings, and will initial each bid. Faxed bids will not be accepted. All information submitted, excepting proprietary information, will be made available for public inspection following award of the contract.

3.6 Pre-Opening Modification or Withdrawal of Bids

A bidder may modify or withdraw their bid at any time before bid opening if the modification or withdrawal is received before the time and date set for bid opening at the location designated in the call for bids.

3.7 Errors/Corrections to Bids

After bid opening, corrections to bids shall be permitted only to the extent that the bidder can show by clear and convincing evidence that a mistake of a non-judgmental character was made, the nature of the mistake, and the bid price actually intended.

After bid opening, no changes in bid prices or other provisions of bids prejudicial to the City or fair competition shall be permitted. In lieu of bid correction, a low bidder alleging a material mistake of fact may be permitted to withdraw its bid if:

1. The mistake is clearly evident on the face of the bid document but the intended correct bid is not similarly evident; or
2. The bidder submits evidence that clearly and convincingly demonstrates that a mistake was made. All decisions to permit the correction or withdrawal of bids, or to cancel awards or contracts based on bid mistakes, shall be supported by a written determination made by the Purchasing Agent.

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3.8 Unsigned Bids

Bids must be signed by an appropriate officer or authorized representative. However, unsigned bids will not necessarily be rejected if the omission was determined to be a clerical error. A signed document must be submitted declaring the clerical error and stating the offer is true in order for the bid to be evaluated for possible award.

3.9 Late Bids

The Call for Bids states the date, time and place assigned for the opening of bids and no bid will be accepted after the time indicated in the call. A bid will not be considered late if it can be shown that the City received the bid by the time indicated on the invitation to bids, but internally, improperly handled and/or delivered. Any late bids will not be opened, but returned to the vendor marked as late.

3.10 Addendum to Notice of Call for Bids

An addendum to an invitation for bids shall be issued if necessary to:

1. Make changes in the Notice of call for Bids.
2. Correct defects or ambiguities.
3. Furnish to other bidders, information given to one bidder, if the information will assist the other bidders in submitting bids or if the lack of information will prejudice the other bidders.
4. Correct quantities on the bidding schedule.
5. Correct, add to or clarify specifications.

The addendum shall be sent to all persons to whom the Purchasing Office has sent bid packets. The addendum shall require that the bidder acknowledge receipt of the addendum. If a bidder fails to acknowledge the receipt of the addendum, the City may waive the requirement as informality, if the vendor's proposal shows that the information given in the addendum has been addressed.

3.11 Bid and Performance/Payment Bonds

Bid and Performance and Payment bonds are normally not required for supplies, materials, equipment, and professional services. However, such bonds or professional liability insurance may be required for nonprofessional service contracts at the discretion of the Administrative Services Director, and shall be required for contracts for the construction of buildings and public improvements. Bids submitted without bonding requirements will be automatically rejected.

Performance and payment bonds are binding on the parties upon execution of the contract. Performance/payment bonds must be executed by a surety company authorized to do business in the State of Arizona. In lieu of a bid bond, the bidder may submit a certified check or cashier's check.

When a bid bond is required, the bonds of the three lowest bidders are retained in a locked vault by the City Clerk until award of the bid is made by the City Council. However, a bidder other than the three low bidders, who has deposited a bond/surety may request his bid deposit be returned prior to the award. If the bid is for a procurement for which a contract is required, the three low deposits will be retained until the contract is

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executed and filed in the City Clerk. In case a performance and payment bond is required, the deposit will be held until the terms of the contract are completed.

3.12 Responsibility of Bidders and Offerors

Determination of non-responsibility

If a bidder or offeror who otherwise would have been awarded a contract is found non-responsible, a written determination of non-responsibility, setting forth the basis of the finding, shall be prepared by the Purchasing Agent. The unreasonable failure of a bidder or offeror to promptly supply information in connection with an inquiry with respect to responsibility may be grounds for a determination of non-responsibility with respect to such bidder or offeror. Factors which may be considered in determining if a prospective contractor is responsible may include but not be limited to:

1. The proposed contractor's financial, physical, personnel or other resources, including subcontracts;
2. The proposed contractor's record of performance;
3. Whether the proposed contractor is legally qualified to contract with City of Somerton;
4. Whether the proposed contractor has supplied all necessary information concerning its responsibility.

The final determination is made by the Purchasing Agent and shall become part of the contract file and is made a public record. The Purchasing Agent may establish specific responsibility criteria for a particular procurement. Any specific responsibility criteria shall be stated in the solicitation. All vendors shall be required to complete a disclosure of responsibility statement and an affidavit of non-collusion when submitting bids and proposals. See Appendix A and B

The City shall not disclose information regarding responsibility furnished by a bidder or offeror pursuant to this section.

3.13 Identical Bids

In the event that two or more bidders offer identical bids, all bids may be rejected and new bids invited, unless it is deemed in the best interest of the City to award the bid to one of the tied bidders by using the drawing of lots in a public place, or to split the award if it is agreeable to both bidders and will not result in added cost to the City.

3.14 Rejection and Cancellation of Bids

The City Council reserves the right to reject any and all bids if they consider it to be in the best interest of City of Somerton. Prior to opening, a solicitation may be canceled in whole or in part when it is determined, in writing, that such action is in the City's best interest for reasons including, but not limited to:

1. the City no longer requires the proposed procurement;
2. the City can no longer reasonably expect to fund the procurement; or
3. proposed amendments to the solicitation would be of such magnitude that a new solicitation is desirable.

When a solicitation is canceled prior to opening, notice of cancellation shall be sent to all businesses solicited. The notice of cancellation shall identify the solicitation, the reason

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for cancellation, and where appropriate, explain that an opportunity will be given to compete on any re-solicitation or any future procurement.

A solicitation may be canceled after opening, but prior to award when all bids or proposals are rejected in whole or in part or when it is determined in writing that such action is in the best interest of the City. Reasons for which a solicitation may be canceled after opening include, but are not limited to the following:

1. The procurement is no longer required;
2. Ambiguous or otherwise inadequate specifications were part of the solicitation.
3. The solicitation did not provide for consideration of all factors of significance to the City;
4. Prices exceed available funds and it would not be appropriate to adjust quantities to come within available funds;
5. All otherwise acceptable bids or proposals received are at clearly unreasonable prices; or
6. There is reason to believe that the bids or proposals may not have been independently arrived at in an open competition, may have been collusive, or may have been submitted in bad faith.

A recommendation to reject any or all bids is documented by means of an explanatory letter from the Purchasing Agent to the City Manager on a City Council agenda form. The reason for cancellation or rejection shall be made part of the bid file and available for public inspection.

3.15 Bid Evaluation and Award

After the bid opening, the requesting department will prepare a detailed tabulation of all bids, which will then be reviewed by the Purchasing Agent. In case of a difference between the unit prices and extended totals in a bid, the unit price shall prevail. In case of a difference between written words and figures in a bid, the amount stated in written words shall govern. All relevant state and local, and use taxes shall be included in the final bid amount shown as this is the amount that will be used for purposes of bid evaluation. After reviewing the bids with the department originating the request and the bid evaluation committee (if such a committee is being used), the Department will submit a recommendation for award to the lowest responsive, responsible bidder. The recommendation must go through the Purchasing Agent for review, then to the City Council on a City Council agenda form.

No criteria may be used in bid or proposal evaluation that is not set forth in the bid documents.

Upon receiving a recommendation for award (or rejection of bids), the Purchasing Agent will, in writing, notify all Offerors of the recommendation. If the low bid is found to be unacceptable, justification will be submitted in writing to the City Manager. The recommendation to the City Council must contain detailed explanations as to how or why the low bid was unacceptable. The City reserves the right to waive any minor informality in accepting and awarding of bids.

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3.16 Protest of Award

Any bidder may object to the recommendation of award, rejection of a bid, solicitation procedures of a bid, or any portion thereof and such protest will be considered according to the following terms:

- 1.) The protest must be filed with the Purchasing Agent the sooner of
 - a. five (5) business days from notification of the recommendation.
 - b. Prior to the City Council meeting at which the recommendation is on the agenda for award or rejection.
- 2.) The protest must be in writing and must include the following terms:
 - a. The name, address and telephone number of the protesting bidder.
 - b. The signature of the protester or its representative.
 - c. Identification of the solicitation number.
 - d. A detailed statement of the legal and factual grounds of the protest including copies of relevant documents; and,
 - e. A statement as to why the protester has standing to protest (either as a competing bid or as a citizen of the City of Somerton;
- 3.) The form of relief requested.

The Purchasing Agent shall have the authority to dismiss such a protest, upon without scheduling an appeal if:

1. The grounds for the protest are not valid according to City policy;
2. The protest is untimely (not within five (5) business days from notification or prior to the City Council meeting).
3. The possible remedies would unfairly prejudice other interested parties, impact the integrity of the procurement system, or have a serious detrimental affect on the good faith of the parties, cost to the City, the urgency of the procurement, and the impact of the relief upon the using department.

The Purchasing Agent shall place the decision in writing directed by mail to the address provided by the protester and shall respond within 15 days.

The Purchasing Agent shall have the authority to sustain the protest in whole or part. Should the Purchasing Agent determine that a solicitation or proposed contract does not comply with this policy, with state or federal policy, or uncovers an irregularity or error in the bid, the recommendation for award shall be stayed and an appropriate remedy shall be implemented?

In determining an appropriate remedy, the Purchasing Agent shall confer with the Administrative Services Director and shall consider all the circumstances pertaining to the proposed procurement including but not limited to:

the seriousness of the procurement deficiency,
the degree of prejudice to other interested parties or to the integrity of the procurement system,
the good faith of the parties,
cost to the City;
the urgency of the procurement, and
the impact of the relief upon the contracting department.

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An appropriate remedy may include one or more of the following:

1. Withdraw staff recommendation, and reissue the solicitation;
2. Withdraw staff recommendation, and issue a new solicitation;
3. Withdraw staff recommendation, and recommend award of contract consistent with the City Purchasing Policy; or
4. Such relief as is determined necessary to ensure compliance with this section.

If the determination of the Purchasing Agent is not satisfactory to the party submitting the protest, the party could then appeal to the City Manager. The same remedies are available as listed above. The written determination of the City Manager's Office shall be final.

3.17 Change Orders – Construction Projects

The City, without invalidating the contract, may order changes in the work within the general scope of the contract consisting of additions, deletions, or other revisions; the contract sum and the contract time being adjusted accordingly. All such changes in the work shall be authorized by change order, and shall be performed under the applicable conditions of the contract documents. The change order will be initialed by the project architect/engineer with their recommendation and forwarded to the city for approval or rejection.

The contractor shall bear any additional fees and costs incurred by the owner, architect, engineer, or consultant for fees as a result of a change order which adjusts the contract time and which is not because of any act or omission of the owner, architect, engineer or consultant.

The cost or credit to the Owner resulting from a change in the work shall be determined in one or more of the following ways:

1. By unit price stated in the original contract documents.
2. By cost, as defined below, properly itemized and supported by sufficient substantiating data to permit evaluation, plus a fee of 10% designed to compensate the contractor for overhead and administrative costs. Specific costs shall be itemized by crafts defined within the schedule of values and limited to the following items directly allocable to the change in work:
 - a. Cost of materials, including cost of delivery.
 - b. Cost of labor, including, but not limited to, social security, and unemployment insurance and fringe benefits required by agreement and worker's compensation insurance.
 - c. Rental value of equipment and machinery.
 - d. Sales tax, insurance and bond premiums.
 - e. Amounts for any additional supervision and field office personnel, which shall not exceed five (5%) percent of the total of the above paragraphs.
3. By mutual acceptance of a lump sum amount representing properly itemized services and supported by sufficient substantiating data to permit evaluation; provided that such lump sum shall not exceed that amount calculated under (b) above.

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All change orders within amounts appropriated in the current fiscal year budget for the subject of the bid award will be authorized and executed in the following manner:

Authority to approve change orders is subject to the following cumulative per project limits:

\$5000 or less - Project Manager
\$5,000 up to \$10,000 - Department Director
\$10,000 to \$30,000 - City Manager
\$30,000 and above - City Council

For example, if the Project Manager is asked to approve \$1,000.00 change orders, he can only do so up to five times. If the five change orders are \$3000 each, the Department Director must approve the second and third change order and the City Manager must approve the fourth change order, as the cumulative amount exceeds \$10,000. In addition, the City Manager must then approve all subsequent change orders within the approved contract. A change order tabulation sheet must be submitted showing all change orders incurred for a project along with each request for approval of a change order.

If any change order causes the total expenditures on a project to exceed the amount of the contract for that project approved by the City Council, then the City Council must approve that change order. The City Council must approve any single change order exceeding \$30,000.

Equipment, Goods, and Services: All change orders within amounts appropriated in the current fiscal year budget for the subject of the bid award will be authorized and executed in the following manner. If the change order is for less than \$10,000 the Department Director will have authority for approval or rejection. If the change order is between \$10,000 and \$30,000, the City Manager's approval is needed. If the change order exceeds \$30,000 the City Council will have the final authority to sign the change order. If any change order exceeds the current fiscal year budget for the subject project, the City Council must approve it. The City Council reserves the right to adjust these authorized approval amounts for each individual project.

3.18 Contract Award – State Bid

Whenever another political entity has previously conducted a sealed, competitive bidding process for goods or services, and the City Council determines that goods or services are the best available to the city, and the goods or services are made available to the city at the same terms, price and conditions as the other political entity, the Council may:

1. Award the contract to the successful bidder of that sealed competitive bid without issuing a Request for Proposal in accordance with this Article; or
2. If a Request for Proposal has been solicited, reject all proposals and award the contract per paragraph 3.15.

3.19 Competitively Negotiated Contracts

When, due to the complex nature or technical detail of a particular procurement or when, in the opinion of the City Council, specifications can not be fairly and objectively prepared so as to permit competition in the request for sealed bids or for high technology electronic equipment available from a limited number of sources of supply and for which

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specifications of the equipment of a single source of supply or when it is otherwise, determined by the City Council that the invitation for competitive sealed bids is not practicable, a contract may be awarded for a procurement by competitive negotiations.

When it has been determined that it is not practical to invite competitive bids as provided in the previous paragraph, action to obtain procurement by competitive negotiations shall commence by advertisement policy. The advertisement or solicitation for proposals for competitive negotiations shall state:

1. The city proposes to enter into competitive negotiation with responsible Offerors for procurement.
2. The date, hour and place that written proposals for the procurement shall be received.
3. The type of procurement involved and a description of the supplies or services sought; provided, however, that potential Offerors shall be informed by such advertisement or solicitation where a such detailed specifications, if available for the particular procurement may be obtained.
4. The evaluation factors to be considered by the city in the competitive negotiations in determining the proposal most advantageous to the city and the proposed method or methods of award of contract.

Such other information as may be desirable or necessary to reasonably inform potential Offerors about the requirements of the procurement or the limits or bounds of the competitive negotiations proposed to obtain the procurement.

All written proposals received by the city in response to advertisement or solicitation for proposals for competitive negotiations shall be kept secure and unopened until the date and hour set for opening the proposals.

Proposals for competitive negotiations shall not be subject to public inspection until negotiations between the city and all Offerors have been concluded and a contract awarded to the responsible Offerors submitting the proposal determined in writing to be the most advantageous to the city, price and the evaluation factors set forth in the advertisement and solicitations for proposals considered.

The Purchasing Agent shall examine each written proposal received for general conformity with the advertised terms of the procurement. If it has been provided in the advertisement or solicitation for proposals that an award may be made without written or oral discussion, the City Council may, upon the basis of the written proposals received, award the contract to the responsible offeror submitting the proposals determined in writing to be the most advantageous to the city, price and the published evaluation factors considered. If after the proposals have been examined, it is determined that written and/or oral discussions should be had with the Offerors, the Purchasing Agent shall determine in writing, based on an individual review, those selected for award of contract for the procurement. Each offeror shall be contacted informally by the Purchasing Agent and a meeting scheduled for discussion of the Offerors proposals.

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Discussion with Offerors shall be held informally and may be conducted orally, in writing, or both. If, however, after discussion with all responsible Offerors have concluded or after examination of written proposals initially submitted, it is determined that no acceptable proposal initially submitted, any or all proposals may be rejected and in the discretion of the City Council, new proposal may be solicited as provided in this section on the basis of the same or revised terms or the procurement may be abandoned.

The Purchasing Agent shall prepare a written summary of all oral discussions in the competitive negotiations setting forth the date or dates of discussions with all responsible Offerors and the general substance of the discussions. Verbatim records of the discussions shall not be required.

3.20 Non-Competitive Negotiations

Procurement contracts may be awarded through non-competitive negotiations only as provided in this regulation. Contracts, which may be awarded on the basis of non-competitive negotiations, include and shall be limited to the following:

Contractual services for telephone service, electrical energy and other public utility service and other contractual services provided within a defined geographic area pursuant to a franchise for such service awarded pursuant to law by a city, county or other political subdivision authorized to award such franchise.

Commodities, equipment and services available, is the discretion of the City Council, from a single source. Such items shall include but not be limited to, patented equipment and copyrighted material and equipment peripheral to other equipment already owned by the city determined to be incompatible to such other equipment without modification or adjustment in either the equipment already owned or the equipment to be acquired.

Instructional materials available from a single source: A written determination setting forth need in relation to a particular instructional program and justifying the procurement of the particular materials on a non-competitive basis, shall be made by the Purchasing Agent prior to the award of the contract.

Special supplies or equipment required for laboratory or experimental studies. A written determination setting forth the need in relation to such studies and justifying the procurement of such supplies or equipment on a non-competitive basis shall be made by the Purchasing Agent prior to the award of the contract.

Contracts or subscriptions for the purchase of published books, maps, periodicals, technical pamphlets, recording, films and works of art for museum and public display.

Contracts for professionals, technical, scientific, legal or artistic services

Contract or agreements for the purchase or sale of supplies, equipment or services between the city and the government of the United States, the State of Arizona, a political subdivision of the state or non-profit organization organized under the laws of the State, another state or the District of Columbia or chartered under an Act of Congress and

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serving a public purpose of an essentially government, civic, educational or charitable nature.

Contracts with vendors who maintain a general service administration price agreement with the United States of America or any agency thereof, provided, however, that no contracts executed under this provision shall authorized a price higher than is contained in the contract between general service administration and the vendor.

Contracts for the purchase of real property or interests in real property

3.21 Option Provision

- A. If a contract is to include an option for renewal, extension or purchase, the applicable option provision shall be included in the solicitation.
- B. No option for renewal, extension or purchase shall be exercised unless a competitive procurement is not more advantageous to the city than exercising the particular option.

3.22 Public Award

After contract award by the City Council, all proposals shall be open for public inspection except to the extent the withholding of information is permitted.

ARTICLE IV - Competitive Sealed Request For Proposals (RFP's)

4.1 General Provisions

Competitive sealed proposals are only to be used when the use of competitive sealed bidding is either not practical or not advantageous to the City as determined by the Purchasing Office. This process is generally used for the procurement of professional and non-professional services.

4.2 Requests For Proposals

Professional and/or other services with an estimated value of \$30,000 or more shall be procured through a formal request for proposals. The procedure for formal request for proposals is established for the purpose of providing an alternative method to sealed competitive bid for the purchase of professional and other services. The procedural guidelines outlined in Article III paragraphs 3.2 thru 3.22 of competitive Sealed Bids, also apply to RFPs. As with formal bids, the user department initiates the process and assists the Purchasing Agent in creating a specification, called a "Scope of Services".

When the RFP is ready, notice of the RFP is published in the newspaper for four (4) consecutive days, and copies of the Notice of RFP are sent to the current contractor (if applicable) and all those who have registered with the City as potential providers for the required services.

Proposals will be opened publicly at the time and place stated in the request for proposal. The Request for Proposal will include a statement of how the proposals will be evaluated, the relative importance of price and other factors, the general terms of the written contract, and that professional liability insurance may be required.

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Questions from Offerors regarding any clarifications of the RFP will be answered prior to the opening. If any question results in a change to the scope of work, an addendum will be made and distributed to all Offerors who have requested a bid packet. Discussions with proposers may also be conducted after the opening. In conducting the discussions, no disclosure of other proposals shall be made.

Prior to award, the City may issue a written request for best and final offers. The request shall state the date, time and place for the submission of the best and final offers. Best and final offers shall be requested only once unless the Purchasing Agent makes a written determination that it is advantageous to the City to conduct further discussions or change the City requirements. The request shall inform Offerors that, if they do not submit a notice of withdrawal or a best and final offer, their immediately previous offer will be construed as their best and final offer.

All persons who submitted a proposal shall be given the opportunity to submit a best and final offer if one is requested. The proposals will be reviewed by the user department and the Purchasing Office, or evaluation committee. A recommendation will then be made to the City Council based on an evaluation of all factors stated in the RFP.

Upon City Council approval, award shall be made to the responsible offeror whose proposal is determined in writing to be the most advantageous to the City, taking into consideration price and the evaluation factors set forth in the request for proposals. No other factors or criteria shall be used in the evaluation. The bid file shall contain the basis on which the award is made.

4.3 Selection and Contracting of Architectural-Engineering Professional Services

The services of architect and engineering related services may be acquired through a qualifications based selection process, direct selection or public competition.

a. Direct Selection

Direct selection means the selection of one technical registrant/firm without the requirement of advertising. For smaller jobs where there is a preference for a qualified firm to perform the work, the firm is simply notified and the parties negotiate a fair and reasonable contract, and based on price is subject to approval by the City Council. Contracting of Architects and Engineers (A/Es) by direct selection is accomplished by selecting the consultant based on knowledge of their qualifications and experience, agreeing on a negotiated scope of work and then fixing the compensation. If agreement on scope of work or compensation cannot be agreed upon, another consultant may be selected. Ranking of firms is not required under this selection process.

b. Qualifications Based System

Selection may also be made according to a Qualifications Bases System (QBS). Dollar thresholds are defined in Article I, paragraph 1.3. Firms engaged in the lawful practice of the profession may submit an annual statement of qualifications (SOQ) and experience. A solicitation for "request for qualifications" (RFQ) is also required based on a detailed scope of work of the project. This RFQ will be advertised in the newspaper of general circulation.

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A selection committee is formed to evaluate the current SOQs on file and RFQs. The committee should consist of at least three persons. The committee shall select, in order of preference and based on criteria established, a short list of at least three firms deemed to be the most qualified to provide the services required. The selection of the short list must be based on demonstrated competence and qualifications only. Fees, price man-hours or any other cost information may not be considered in the selection of the short list.

After a short list is selected, negotiations may commence for a contract with the highest rated firm for the required services. The negotiations shall include consideration of compensation and other contract terms and conditions the City determines to be fair and reasonable. In making this determination, the City shall take into account the estimated value, the scope, complexity and nature of the required services. The negotiated contract terms are subject to City Council approval based on contract dollar amounts as defined in Article II, Paragraph 2.4.

If a satisfactory contract cannot be negotiated with the highest rated firm at a price or on other contract terms, negotiations shall be formally terminated. Negotiations would then be started with the next highest rated firm, in sequence, until an agreement is reached or a determination is made to reject all firms on the short list.

4.4 Selection and Contracting of Legal Services

The services of outside legal counsel when such services are recommended by the City Attorney, Superior Court or conflict counsel, when such services are recommended by the Public Defender, shall be acquired by the following process.

Persons engaged in providing legal services may submit statements of qualifications and expressions of interest in providing such services. The City may specify a uniform format that profiles qualifications and assures equal opportunity for potential Offerors. Persons may amend these statements at any time by filing a new statement.

Whenever practicable, the City shall give adequate notice for the need for such services. The notice shall describe the services required, list the types of information and data required of each offeror and state the relative importance of particular qualifications.

The City may conduct discussions with any offeror who has submitted a proposal to determine such offeror's qualifications for further consideration. Discussions shall not disclose any information derived from proposals submitted by other Offerors.

The provisions of this section are not applicable to contracts for professional witnesses if the purpose of such contracts is to provide for professional services or testimony relating to a criminal prosecution or an existing or probable judicial proceeding in which the City is or may become a party or to a contract for special investigative services for law enforcement purposes.

All resultant contracts to the offeror determined in writing to be the most qualified and after negotiation of compensation, determined to be fair and reasonable, shall be placed before the City Council for award.

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4.5 Other Professional Services

All other professional service contracts shall be procured through the competitive sealed RFP process with pricing levels set in Article II, paragraph 2.5

ARTICLE V - Suspension And Debarment Of Contractors

5.1 Purpose

For the protection of its citizens, the City of Somerton excludes certain vendors or suppliers from consideration for awards for City of Somerton contracts. This action shall be based upon certain types of criminal convictions, civil judgments or contract violations, or for any other cause deemed to affect responsibility as a City of Somerton contractor. This duty is delegated as follows:

5.2 Authority to Debar or Suspend

The Administrative Services Director is delegated the authority to debar or suspend a party from participating in City procurement. The Administrative Service Director shall not have an obligation to seek information concerning the criminal history of applicants unless provided notice of such history by third parties.

5.3 Causes for Debarment or Suspension from Consideration

The causes for debarment or suspension include, but are not limited to, the following:

- A. Conviction of any person or subsidiary or affiliate of any person for commission of a criminal offense arising out of obtaining or attempting to obtain a public or private contract or subcontract, or in performance of such contract or subcontract;
- B. Conviction of any person or any subsidiary or affiliate of any person under any statute of the federal government, this state or any other state for embezzlement, theft, fraudulent schemes and artifices, fraudulent schemes and practices, bid rigging, perjury, forgery, bribery, falsification, or receiving stolen property or any other offense indicating a lack of business integrity or business honesty which affects responsibility as a City of Somerton contractor;
- C. Conviction or a civil judgment finding a violation by any person or any subsidiary or affiliate of any person under state or federal antitrust statutes;
- D. Violations of contract provisions of a character which are deemed to be so serious as to justify debarment action, including, but not limited to, the following:
 - 1. Knowingly failing without good cause to perform in accordance with the specifications or within the time limits provided in;
 - 2. Failure to perform or unsatisfactory performance with the terms of one or more contracts, except that failure to perform or unsatisfactory performance caused by acts beyond the control of the contractor shall not be considered to be a basis for debarment. A disclosure of responsibility form can be found in Appendix A. This form will be sent with each bid packet and must be returned by the vendor with their proposal.

5.4 Written Determinations

The Administrative Services Director shall make a written determination to debar or suspend shall be issued and contain:

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1. The reasons for the action taken;
2. The action taken and the effective date and length of time the action shall be in effect;
3. Inform any debarred or suspended party involved of their right to administrative appeal.

A copy of the decision shall be mailed or otherwise furnished to any debarred or suspended party. A vendor may apply for re-instatement at any time after the period of debarment has expired.

5.5 Period of Debarment

The period of time for debarment shall not exceed three (3) years from the date of the determination. If debarment is based solely upon debarment by another governmental agency, the period of debarment may run concurrently with the period established by the other debarring agency.

ARTICLE VI - Leasing

6.1 General Information

A lease/purchase financing agreement is a contract by which one party conveys property to another for a period of time in exchange for the payment of interest and a portion of principal on the purchase price of the property. Lease purchase agreement is authorized herein, subject to specific contract review by the City Attorney.

Purchases made with lease purchase financing are made using the same purchasing guidelines as other purchases except that the use of lease/purchase financing will generally be limited to those situations in which it is in the City's best interest to secure third party financing.

6.2 Procedural Information

Departments seeking to lease/purchase equipment must submit requests to use lease purchase financing to the Administrative Services Director. Upon approval, the Administrative Services Director will forward the approval to the requesting department and the Purchasing Agent. The user department will then submit a requisition to the Purchasing Agent for procurement of the equipment.

6.3 Rental of Equipment

Equipment should only be rented to fill short-term equipment needs. This may include one-time, short-term needs or short term needs that may be re-occurring in which the rental of equipment is more cost effective than ownership of the equipment.

6.4 Lease of City Property

The City Council has delegated authority to the City Manager to negotiate lease contracts up to \$30,000. Any lease that exceeds \$30,000 must be done through the RFP process. The City Council must award all lease contracts.

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The City Council may lease any land, building or part thereof owned by the city by public auction, sealed bids or negotiation. Prior to the approval and execution of any such lease, the city shall publish a Notice of Intent to Lease City Property. The City Council may in its discretion, reject any and all offers.

ARTICLE VII - Sole Source Procurement

7.1 General Information

A sole source purchase is the purchase of a commodity available from only one supplier. A purchase of this type generally is of a special nature because of the type of goods materials, or services required by the user. The requesting department will be required to justify, in writing, the reasons for selecting a product or service that is available from a sole source only, including obtaining the necessary City Council approval as indicated in Article II, paragraph 2.4.

Sole source purchases are contrary to public purchasing procedures, and therefore the selection of products or services of a sole source nature must be limited as much as possible. The only justification for sole source purchases are: 1) the purchase of a sole source item is to the City's best economic interest; or, 2) the items are generally classified as "captive" source items and cannot be procured from other sources because of manufacturer marketing arrangements, patents, etc.

7.2 Sole Source Procurement

When an item or service is required which is thought to be available only from a single supplier, the following procedures shall be followed:

- a) For purchases with an anticipated cost of \$30,000 or less a purchase requisition shall be transmitted to the Purchasing Agent indicating that only one source is known to exist. Efforts should be made by the requesting department to locate any other possible sources, and the names of those contacted who were unable to supply the required items or services shall be noted in the comment section of the requisition. The Purchasing Agent will review the requisition and attempt to identify any potential suppliers who are not listed on the requisition. If no other source is found a purchase order will be issued to the sole supplier who is known to be capable of filling the order.
- b) Request for sole-source purchases with an anticipated cost of over \$30,000 shall be transmitted to the Purchasing Office in requisition form in the same manner as above, with the names of potential suppliers, except for proprietary purchases, who have been contacted by the requesting department listed on the requisition.

The Purchasing Agent will attempt to locate any other potential suppliers, and will publish notice of the proposed purchase in the newspaper for four (4) consecutive days, with a request that anyone who wishes to be considered as a potential supplier contact the Purchasing Office. If any supplier other than the one previously identified is found to exist, then the purchase must be done through the formal bid process. If no other suppliers are discovered, the Purchasing Office will notify the department who will then submit a request for approval of the purchase to the City Council for consideration as an agenda item. If the City Council approves the purchase, a purchase order will be issued.

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ARTICLE VIII - Emergency Purchases of Materials and Services

8.1 Purpose

The purpose of this section is to enable the City of Somerton to respond quickly in procuring materials and/or services when an emergency condition exists.

8.2 Activities Authorized

The City Manager may authorize others to make emergency procurements if there exists a threat to public health, welfare or safety or if a situation exists which makes compliance with paragraphs 3.1 & 4.2 impracticable, unnecessary or contrary to public interest. Emergency procurements shall be made with as much competition as practicable under the circumstances.

Any item that is procured under this emergency clause using the reasoning that “a situation exists which makes compliance with paragraphs 3.1 & 4.2 impracticable, unnecessary or contrary to public interest”, may be considered as a one time opportunity purchase and must:

- 1) Be capital equipment or capital equipment as part of a capital project.
- 2) Clearly demonstrate that the price is significantly below market price. Two other vendor quotes shall be required.
- 3) Receive City Manager approval prior to placing the order.
- 4) Receive post acquisition approval from the City Council.

8.3 Procedures

There are separate procedures to be followed for emergencies occurring during (1) regular hours, and (2) at all other times.

- (1) From Monday through Friday, 8:00 A.M. to 5:00 P.M., all emergency purchases are to be handled through the Purchasing Agent. Emergency purchases will be left to the discretion of the Department Director.

For purchases over \$30,000, the Purchasing Agent will advise the City Manager of the emergency condition and request approval. The using department shall provide whatever information or assistance is deemed necessary. The operating department shall immediately transmit a purchase requisition with EMERGENCY indicated in the comment section and the reasons why the indicated acquisition is an emergency.

- (2) In the event the emergency occurs after regular working hours and contact with the City Manager cannot be made, a department director may act for the City Manager as outlined herein:
 - (a) Emergency purchases of \$30,000 or less may be authorized by the responsible department Director, and confirmed by transmitting a purchase requisition marked "EMERGENCY" to the Purchasing Agent no later than noon of the next normal working day following the purchase date. The department Director shall approve the purchase requisition and a brief but complete explanation shall be included in the requisition to support the emergency nature of the purchase.
 - (b) Approval of emergency purchases of over \$30,000 shall be limited to the City Manager. A department may proceed under procedures as outlined in 2a above, for purchases of over \$30,000 without the prior approval of the City Manager

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only in the most extreme emergency circumstances and only after all efforts to contact the City Manager or an authorized delegate have been exhausted. The City Manager must be notified as soon as possible of this type of emergency procurement and a report must be drafted and forwarded to the City Manager.

8.4 Definition of Emergency

Emergency is defined as: Where materials, services or equipment are needed for a situation where the health, safety or welfare of the public is endangered or the city is exposed to serious cost consequences if immediate corrective or preventive action is not taken or when needs arise after normal working hours that cannot be postponed.

An emergency shall also exist when so declared in accordance with the City of Somerton Municipal Code. Any emergency procurement shall be limited to those materials, services or construction necessary to satisfy the emergency need.

To initiate an emergency purchase, the authorized person in the department may call the Purchasing Agent for an order or authorization number. They must state:

1. The nature of the emergency
2. Vendor's name and address
3. This must be followed up with a confirming purchase order the next regular work day after the emergency purchase was made.
4. The confirming purchase order should indicate the items were purchased as Emergency and date and time of purchase.

Realizing that most emergencies occur at night or on weekend's when the office is closed. Employees are expected to have a senior supervisor verbally approve the purchase of emergency items only, fix whatever the problem might be and have the Department Director process the necessary paperwork the next workday. Supervisors are reminded that only the minimum amount or items necessary to take care of the emergency will be approved by the Purchasing Agent.

In the event of an emergency as described above the Purchasing Agent may award contracts and make purchases for the purpose of meeting said emergency.

1. As soon as possible after a contract is awarded or purchases made in accordance with this Section, the Purchasing Agent shall provide the Council with a certificate showing:
 - a. Description of the Emergency
 - b. The necessity of such action; and
 - c. An itemized account of all expenditures

ARTICLE IX - Receiving, Inspection and Acceptance Of Materials, Supplies, and Services

9.1 Purpose

To establish for all departments the procedures for receiving, inspection and accepting equipment, materials, supplies and services. The purchase is complete only when satisfactory performance by the supplier has occurred. Conformance to contracts includes time and place, as well as quantity and quality. An interruption or delay in City activities

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or schedules due to the failure to keep a promised delivery date is as uneconomical and harmful as any other default, and in addition is unfair to the unsuccessful bidders.

9.2 Receiving Procedures

The Purchasing Office and the requisitioning department share responsibility for purchase order delivery follow-up.

- A. The Requisitioning Department has responsibility for the following activities:
 1. Receive and thoroughly inspect all delivered equipment, materials and supplies.
 2. Inspect the product or services to ensure the following:
 - a.) items are correct;
 - b.) the quantities are correct;
 - c.) all items are received in good condition,
 - d.) all items are delivered to the correct location.
 3. Enter the information as to the quality, quantity and timing of all items into the financial software as a received and accepted item or items.
 4. Upon discovery of a shipment that is not acceptable for any of the reasons listed in paragraphs 1 or 2, to immediately contact the vendor and provide them written notice of the defect, and to notify the Purchasing Office and obtain their guidance for appropriate action.
 5. If the defects are remedied within a reasonable time period, the person should enter the quantities received in the financial software.
 6. Back ordered items should not be electronically received until they actually arrive on site.
 7. When the full quantity of merchandise has not been received, but due to various reasons the requesting department wishes to consider the order complete, as is, the department should contact the Purchasing Office so that they can cancel all back orders and consider the purchase order complete.

9.3 Purchase Order Delivery Follow Up

The Purchasing Office assists the requisitioning department when requested, and takes appropriate actions against suppliers when necessary. The assistance of the user departments is very important in this regard.

The prerequisite for purchase order delivery follow-up is prompt knowledge of: (a) the goods, work or services ordered, including performance requirements; and (b) the receipt or lack of receipt of the goods, work or services. For this purpose, pertinent information must be available promptly for persons responsible for delivery follow-up. Such information is identified in the Purchase Order Inquiry screen in Caselle accounting software which shows the vendor, purchase order number, goods or services ordered, and the delivery due date. In the event the goods or services are not furnished by the required due date, the requesting department should contact the Purchasing Office to determine the reasons for delay and identify when the goods or services will be furnished.

In the event the supplier indicates that they do not intend to furnish the goods or services, or the reason for the delivery delay is not acceptable, the Purchasing Office will take the necessary steps to secure the goods or services, either from that supplier, or from another supplier.

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9.4 Encumbrances and Year-End Cutoff

It is essential that City does not obligate itself for amounts in excess of those budgeted, for a particular purpose. In an accrual accounting system, all expenditures must be charged against the budget of the year in which the goods or services are received. To achieve these goals, the budgetary device of encumbering must be employed. An encumbrance does not result in the recognition of an expenditure. It simply obligates or "reserves" a portion of an unexpended budget for the purpose of paying a liability when the related goods are received or services rendered. In the encumbrance system used by the City, it will be necessary to encumber for all expenditures requiring a purchase order.

At fiscal year-end, all outstanding encumbrances will be analyzed as to status. All encumbrances for items, which have not been received before June 30, will be canceled, and, if desired and provided for in the new budget, re-encumbered in the new fiscal year. Encumbrances for items that have been received, or services which have been performed, but not yet paid at fiscal year-end will be charged to the fiscal year in which the items were received, or the services were performed. In order to accomplish a timely year-end cutoff, purchase orders, other than emergencies, will not be issued after the second week of May of each fiscal year. Departments should plan their purchases, including those not requiring Purchase Orders, accordingly.

ARTICLE X - Contract Administration

10.1 Principles

Contract administration primarily consists of actions, which must be taken by the Purchasing Office from the time a contract is awarded until the supplies, or services have been delivered and accepted, and payment has been made. Once the purchase has been made or the contract awarded, the contract administration function is the primary link between the supplier, the buyer, and the using department, to handle problems arising from the procurement action.

User departments are responsible for contract administration to assure that the supplier delivers the product or service to the City user in accordance with the terms and conditions of the contract issued by the Purchasing Office.

To insure consistent contractor compliance, the contract administration includes, but is not limited to the following tasks:

1. Holding pre-performance conferences to emphasize City requirements and contractor responsibilities under certain complex or critical contract programs.
2. Follow up with the contractor and user department on problems occurring during the period of performance. It is the responsibility of the user department to document and keep records of vendor performance on contracts. This information is crucial in determining contract extensions or terminations.
3. Upon notification from departments, supported by documentation, a letter of non-performance will be sent to a vendor who has unsatisfactorily performed on a City contract. This notice may state performance standards that must be satisfied by a time indicated, quantity of goods to be provided, or quality of service provided.
4. Follow-up on past due purchase orders and expedite delivery as necessary.

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5. Take necessary actions to amend existing contracts through required approval channels.
6. Take necessary actions to terminate existing contracts, when required, through approved channels.
7. Resolve contract provision disputes within the authority limits granted by the City Council, Arizona State Statutes, and internal procedures.

10.2 Contracts

A contract is a written agreement for the procurement or disposal of supplies, services, insurance, equipment or construction. To be effective, a contract must include offer and acceptance by competent parties and the furnishing of some good or service for an agreed monetary consideration.

All services provided to the City by outside agencies, firms or individuals shall be on a contractual basis. If the estimated annual cost of services is over \$30,000, the services shall be bid publicly and the contract awarded and signed by the City Council. For services with an annual cost not to exceed \$30,000, a minimum of three written quotations shall be required, and a contract signed with the successful company. The City Manager shall sign contracts valued from \$10,000 to \$30,000 for cooperative purchasing agreement contracts. The Administrative Services Director shall sign contracts with an annual cost of between \$3,000 and \$10,000. The Purchasing Agent may sign contracts from \$1,000 to \$3,000. Department Directors may sign contracts for under \$3,000.

Generally City of Somerton utilizes only "fixed price" contracts, but might in a special instance, because of market conditions, utilize a contract with price increase provisions. A fixed price contract is used when the extent and type of work necessary can be reasonably specified and the cost reasonably estimated. Any time there is a price increase under these contracts, there must be supporting documentation from the vendor showing an increased price for raw materials from their supplier. Escalator clauses relating to the Consumer Price Index may be included in the contract language.

"Requirements contracts" are fixed price agreements set up to provide for recurring purchases of indefinite quantities from the same supplier for a specified period of time. The use of cost-plus-a-percentage-of-cost contract is prohibited. A cost-plus-a-percentage-of-cost provides reimbursement to the supplier for their actual cost plus an agreed-upon percentage of the costs of the supplier's overhead and profit.

10.3 Monitoring of Requirements Contracts

The Purchasing Office is responsible to ensure that the provisions of requirements contracts are strictly adhered to by the contractor, and monitoring by any City personnel authorized to place orders against the contract.

Since the user department utilizes the contracted services or products, they are in the best position to provide feedback information to the Purchasing Office regarding specific contractor performance. Any questions or problems the user has with a contract supplier must be brought to the attention of the Purchasing Agent for resolution.

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A vendor evaluation form should be completed for every contract administered by the City. This form measures vendor product performance and may be used as a source of evaluation criteria on future contracts. Forms to be used to document vendor performance are included as exhibits in Appendix C.

10.4 Placing Orders Against Existing Requirements Contracts

Only those individuals who have been specifically authorized by the City Manager or Administrative Services Director can place orders against existing requirements contracts. Only those items specifically defined in the agreement can be purchased as a part of the agreements.

User departments who have not submitted their estimated quantity needs for requirements contracts may not place orders against the existing agreement without first receiving authorization from the Administrative Services Director.

Each user department that has submitted its estimated needs and whose requirements have been included in the contract shall monitor its ordered material or service usage to insure that they do not exceed the estimated requirements. In the event that quantity limits will be exceeded, the user must first request in writing to the Purchasing Agent that the specific requirements contract be amended to include any additional quantities.

10.5 Termination of a Contract

Terminating a contract is normally the last alternative after all other administrative means have been sought to resolve a problem between the City and a contractor. There are two reasons for terminating or canceling a City contract: for convenience, and for cause (default).

1. Terminating for Convenience: There are two types of terminations for convenience used by the City: (a) for the mutual convenience of the contractor and the City; (b) for the unilateral convenience of the City.
 - a) Mutual Convenience: An example of this type is where both parties agree that the contractor is no longer able to provide the service or product to the City under an existing contract. The Finance Director is responsible for negotiating the final settlement formula regarding costs and date of termination, and to prepare the recommended termination in accordance with the terms of the existing contract, if applicable.
 - b) City Convenience: Depending upon the terms of the written contract, this type of termination may occur whenever the City determines that termination is in the best interests of the City or that funds are not available.
2. Terminating for Cause: This type of termination is employed when the contractor is in default or breach of contract. Depending upon the situation and the terms of the written contract, it is the City's standard practice that a cure notice be sent via certified mail by the Purchasing Office to the contractor.

This notice shall set forth the details regarding the deficiencies, with the dates and background information supporting non-performance or substandard performance. The Finance Director establishes a firm cure deadline date. The period must be of a

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reasonable length of time to cure the deficiencies; normally the time period varies from ten (10) to thirty (30) days, depending upon the individual circumstances of each case. Assuming the contractor does not cure the deficiencies to the satisfaction of the City, the Finance Director will then send a show cause letter by certified mail to the contractor, wherein the contractor is requested to show cause why their contract should not be terminated. The Finance Director will then establish another deadline date for an answer to the show cause letter; usually five (5) to ten (10) days. Unless the contractor shows sufficient cause why the contract should not be terminated for cause, the Finance director will initiate the necessary steps to terminate the agreement and document the final action accordingly.

In all termination actions, the Administrative Services Director must rely on the user department to provide the necessary documentation to justify contractual decisions that are made. The using department personnel are the "eyes and ears" of the City, expressing satisfaction or dissatisfaction with contractor performance. The Administrative Services Director either resolves the problem or recommends termination of the appropriate contract to the City Council.

The usual procedure for terminating a contract is by no means the exclusive method. The action taken will always depend upon the written terms of the contract, and the actual, factual situation presented. The City reserves the right to employ all other available mechanisms and remedies to deal with a breach of contract.

10.6 Contract Periods

Contracts should be for periods of time that coincide with the City's fiscal year whenever practical. Contracts that span more than one fiscal year must include language noting that the continuation of the contract is subject to non-appropriation. Contracts may have renewal clauses, but should not exceed three (3) to five (5) years.

10.7 Advertisements for Formal Contracts

Invitations for bid will be prepared in a concise manner consistent with legal requirements, and describe the character of the proposed contract or agreement in sufficient detail to enable the bidders to know what the general scope will be, either in the advertisement itself, or by reference to detailed plans and specifications on file at the time of publication of the first announcement.

10.8 Arizona State Contracts

City of Somerton has entered into a cooperative purchasing agreement with the Purchasing Office of the State of Arizona, Department of Administration, and Finance Division. This agreement permits City of Somerton to purchase any supplies, commodities, equipment, services, and materials covered by existing State contracts from consenting contractors. The City recognizes substantial savings on every item bought through the State contracts.

Purchases from the Arizona State Contracts are not subject to the requirement for public bidding of any purchase with a value over \$30,000, as the State Purchasing Office has already publicly bid the commodities on the contracts. Purchases of supplies, equipment, and services shall be made from the State Contracts whenever it is in the best financial

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interest of the City, and the best overall value. Cost comparisons are not required when a purchase is made from the State Contracts; however, random comparisons are encouraged.

10.9 Intergovernmental Agreement (IGA)

A cooperative purchasing IGA allows the City to make purchases using the results of bids and RFPs from other governmental agencies. When it is in the City's best interest, using a bid or RFP from another agency with which City of Somerton has an IGA may be used. This allows the City to purchase like goods and services without going through the bid process, which has already been done by the agreeing agency. The vendor must agree to sell the goods at the same price. The bid or RFP from the other agency must have been let within the last twelve (12) months.

City of Somerton is also a member of the Mohave Educational Services Cooperative. Purchases made through this cooperative have also been publicly bid and therefore are not subject to the bidding requirements.

ARTICLE XI - Materials Management

11.1 General Provisions

The Administrative Services Director shall develop and administer procedures governing:

1. The management of materials during their entire life cycle.
2. The acquisition and distribution of federal surplus materials.
3. The sale, lease, trade-in, or disposal of surplus, scrap and salvage materials
4. The transfer or trade-in of excess materials, surplus materials and fixed assets.

11.2 Disposition

The City Council acts in all matters pertaining to the disposition of surplus materials as provided by statute. The disposition of surplus materials shall be as follows:

1. Surplus materials shall be disposed of as provided by law. Only certified funds or cash shall be accepted for sales of surplus property.
2. Auctions shall be advertised in accordance with statutory provisions. When making sales by auction, the solicitation shall specify all terms and conditions of any sale.
3. Materials to be disposed of by trade-in to a vendor for credit on an acquisition shall be subject to the same approval levels set forth for contract approvals as in Article I, paragraph 1.3. For credit amounts under \$1000, the Department Director may approve, from \$1000 to \$3000 the Purchasing Agent may approve and any credit amount exceeding \$30,000, the City Council must approve.

Without public auction, by unanimous approval of the City Council, property may be sold or leased or donated to any other duly constituted governmental entity including the State, cities, towns or other counties; or City property may be sold, leased or donated to any charitable, social or benevolent nonprofit organization in or operating in this State.

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A City using agency may acquire Federal or State Surplus Property as may be usable and necessary for public purposes. These acquisitions can only be made by authorized department directors.

ARTICLE XII - Procurement Ethics

12.1 Employee Ethics

It is the policy of the Purchasing Office to promote the City's reputation for courtesy, fairness, impartiality, integrity, service, progressivism, economy, and government by law. The responsibility for implementing this policy rests with each individual who participates in the procurement process, including the using department and suppliers, as well as purchasing personnel. The Purchasing Office adheres to the ethical standards as set forth in State of Arizona Procurement Code.

Among the prescribed practices for City employees are the following:

No public employee having official responsibility for a procurement transaction shall represent the City in that transaction when the employee knows that:

- a. The employee is contemporaneously employed by a bidder, offeror or contractor involved in the procurement transaction;
- b. The employee, the employee's partner, or any member of the employee's immediate family holds a position with a bidder, offeror or contractor such as officer, director, trustee or partner, has a personal and substantial participation in the transaction, or owns or controls more than five (5%) percent of the firm;
- c. The employee, the employee's partner or any member of the employee's immediate family has a pecuniary interest arising from the transaction;
- d. The employee, the employee's partner or any member of the employee's immediate family is negotiating, or has an arrangement concerning prospective employment with a bidder, offeror or contractor;
- e. No employee having official responsibility for a procurement transaction shall solicit, demand, accept or agree to accept any payment, loan subscription, advance deposit of money, services, entertainment or anything of more than nominal value from any bidder, offeror, contractor or subcontractor.

Employees may attend functions that are not limited exclusively to City of Somerton employees, i.e., an industry trade fair, or like function. Purchases made directly from any City employee must be reviewed by the Finance Director and a written conflict of interest statement must be submitted to the City Clerk to be entered into the public record.

Any person involved in a transaction may request a written City Attorney's opinion about the applicability of these provisions.

12.2 Conflict of Interest

State Statute ARS 38-503 defines conflict of interest, in part, as follows:

Conflict of Interest..... Any public officer or employee of a public agency who has, or whose relative has, a substantial interest in any contract, sale, purchase or service to such public agency shall make known that interest in the official records of such public agency

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and shall refrain from voting upon or otherwise participating in any manner as an officer or employee in such contract, sale or purchase.

The mere employment of an individual simultaneously by the City and an outside company that has a direct or indirect business relationship with the City, in itself, establishes no conflict of interest.

A conflict of interest would arise if actions by the City employee conferred a direct or indirect pecuniary or proprietary benefit on the City employee or a relative by virtue of that person's connection with the outside business. The law provides that when the potential for a conflict of interest arises, the City employee must make his interest (or that of a relative) known and refrain from taking any action or otherwise participating in any way in the matter.

When a potential for conflict of interest arises, the City employee must provide written notification to the City Clerk, identifying what relationship exists that could be classified as a potential conflict. Should a question arise pertaining to any potential conflict of interest in a purchasing situation, consult with the Administrative Services Director or the City Attorney's office?

12.3 Gratuities

It is a breach of ethical standards for any person to offer, give or agree to give any employee or former employee, or for any employee or former employee to solicit, demand, accept or agree to accept from another person, a gratuity or an offer of employment in connection with any decision, approval, disapproval, recommendation, preparation of any part of a purchase request. City employees shall not accept personal gifts from any past, current or potential supplier of goods or services to the city.

12.4 Use of Confidential Information

It shall be a breach of ethical standards for employee or former employee to knowingly use confidential information or actual or anticipated personal gain, or for the actual or anticipated personal gain of any other person.

12.5 Public Access to Procurement Information:

Procurement information, which is not confidential information for actual or anticipated personal gain, or for the actual or anticipated personal gain of any other person

12.6 Vendor Ethics

City of Somerton requires vendors to also be held to certain ethical requirements as follows:

- a. No bidder, offeror, contractor or subcontractor shall confer upon any public employee having official responsibility for a procurement transaction any payment, loan, subscription, advance, deposit of money, services or anything of more than nominal value, present or promised;
- b. All bidders, Offerors, contractors or subcontractors shall submit with their bid a disclosure of interest form to inform any personal interest of any member of the City Council, City Manager, City Attorney, Finance Director, Purchasing Agent, or the spouse of each official;

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- c. Failure to make the required disclosure may result in disqualification, debarment, and suspension from bidding and recession of contracts;
- d. No contractor or subcontractor shall give, demand or receive from any supplier, subcontractor, or competitors any bribe, kickback, or anything of value in return for participation in a procurement transaction or agreeing not to compete in a transaction; and
- e. Architects or engineers employed by the City may not furnish building materials, supplies or equipment for any structure or project on which they are providing professional services. The City also does not accept bids or proposals from consultants or bidders who have solely and directly prepared specifications for a specific requirement, regardless of whether the consultant/bidder was paid for the specification.

12.7 Fraud

An act of fraud is committed if an employee of the City negotiates a personal procurement by fraudulent use of a City requisition number or purchase order number. Fraud also occurs if an employee claims a purchase is on behalf of City of Somerton when in fact the purchase was made solely for personal use. A personal procurement from the State Contracts is also an offense subject to prosecution. Fraud is subject to prosecution and employee discipline.

12.8 Penalty

Willful violation of the City's Procurement Ethics Code may result in disciplinary action up to and including termination of employment.

12.9 City Attorney Opinion

City Staff is encouraged to request assistance from the City Attorney's Office whenever questions arise regarding the applicability of these provisions.

ARTICLE XIII – Miscellaneous Provisions

13.1 Records Retention

All procurement records shall be retained and disposed of by the City in accordance with record's retention guidelines and schedules issued by the State of Arizona Department of Library, Archives and Public Records. If a contract is funded in whole or in part by assistance from a federal agency, then the record's retention requirements of that granting agency shall be followed. Defacing or changing records is expressly prohibited and will result in disciplinary action. Records or documents are not to be removed from their normal location unless there is proper authorization.

All determinations and other written records pertaining to a solicitation, award or performance of a contract shall be maintained by the City in a bid file by originating departments and the City Clerk's office.

13.2 Confidential Information

Procurement information shall be a public record to the extent provided in ARS 39-121 and shall be available to the public as provided in the statute. Claims of confidentiality may be honored in limited circumstances to the extent allowed under the law as an

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exception to the public records requirements. Confidential information shall be designated as follows:

- A. If a person believes that a bid, proposal, offer, specification, or protest contains information that should be withheld, a statement advising the Purchasing Agent of this fact shall accompany the submission and the information shall be so identified wherever it appears.
- B. The information identified by the person as confidential shall not be disclosed if the Purchasing Agent makes a determination that disclosure should not be made. The City Attorney's Office may be asked to assist in these determinations.
- C. Claims of confidentiality will be considered on a case- by-case basis.

13.3 Severability

The provisions of this policy are declared to be separate and severable. The invalidity of any clause, sentence, paragraph, subdivision, or division, or the invalidity of the application thereof to any person or circumstances shall not affect the validity of the remainder of this policy, or the validity of its application to other persons or circumstances.

13.4 Federal and State Procurement Requirements

Whenever federal or state grants projects are required to follow procurement procedures different from these policies, those requirements shall be followed. If either procedure can be followed, these policies shall prevail.

13.5 Licensing/Certification Requirements

No contract or award shall be made for any amount to any entity, which does not comply with all licensing and certification requirements of the city, county or state. Examples include but are not limited to the following: Business License, Contractors License and with Certificates of Appropriate Insurance i.e. workman's compensation, auto, liability, etc.

ARTICLE XIV - Glossary of Procurement Terms

Accelerated Procurement

A procurement method used by commodities such as fuel that must be obtained quickly due to significant shortages, and/or short-term price fluctuations.

Adequate Evidence

Means more than mere accusation but less than substantial evidence. Consideration shall be given to the amount of credible information available, reasonableness in view of surrounding circumstances, corroboration, and other inferences that may be drawn from the existence or absence of affirmative facts.

Amendment Extension

Amendment extensions are used one agency needs to continue a contract that would otherwise expire, but the contract has known renewal provisions available. An amendment may be used to extend such a contract for up to one year. These extensions ensure that services can continue without interruption, but required the same procedural as a new contract.

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Architecture/Engineering Services

Architecture and engineering services specifically relate to the preparation of plans and specifications for construction projects. This category does not include construction management or construction management and bill contracts. Nor does it include the preparation of environmental studies

Award

This term refers to the right of a vendor to sign a contract with the City of Somerton.

Bid

An offer to furnish services in accordance with the Request for Proposal, these general conditions, special instructions and the specifications

Bid Offer

The form on which the bidder submits his/her bid

Bidder

Any person, company or corporation submitting a bid

Brand Name or Equal Specifications

Means a specification that uses one or more manufacturers' names or catalog numbers to describe the standards of quality, performance and other characteristics needed to meet city requirements, and that provides for the submission of equivalent products

By Against Procurement

The process by which, as part of contract administration, an agency obtains goods and services to fulfill its requirements after a vendor defaults or fails to fulfill its contract responsibilities

Budget

The allocation of the city's money for particular uses On an annual basis, the City Council approves the uses of the city's money by breaking it down into allocations for each department for particular uses within the department.

Change Order

A written modification or amendment of a contract used to implement necessary changes to unforeseen or unanticipated conditions discovered after the performance under the contract has begun. Change orders may adjust price or time for performance under the original contract and may include nonmaterial changes to the scope of the contract. Change orders must be completed with the same formality as negotiation of the original contract terms.

Competitive Sealed Bid

The most frequently used procurement method for purchasing goods and construction and for standardized services. Contracts are awarded to the responsible vendor that agrees to provide the goods or services at the lowest price

Competitive Sealed Proposal

City of Somerton 2008 Procurement Manual

A procurement method is used when an agency must consider factors in addition to price such as the vendor's experience and expertise. Also known as a request for proposal (RFP's) is most frequently used when procuring services, professional services and architecture/engineering services.

Competitiveness

Competitiveness is a goal intended to ensure the responsible use of public funds. It is achieved when multiple vendors compete contend for a contract. For competitive sealed bids, request for proposals and competitive innovative procurements. This goal is achieved when agency receives three or more responses. For small purchases, competitiveness is defined as soliciting a minimum of ten vendors.

Concession

An income generating contract for the private use of city-owned property to serve a public purpose is a concession. Examples include pushcarts, recreational facilities such as golf courses and tennis courts, parking lots, et cetera. Concessions do not include franchises, revocable consents or leases.

Confidential Information

Means any information which is available to an employee only because of the employee's status as an employee of this city and is not a matter of public knowledge or available to the public on request

Confirming Purchase Order

Confirming purchase order is a retroactive contract registered by the administrative services director. After the contract start date

Construction

Means the process of building, altering, repairing, improving or demolishing any structure or building, or other improvements of any kind to any real property, does not include the routine operations, routine repair, or routine maintenance of existing structures, buildings or real property

Contract

Agreement in which the City of Somerton is a party - Contracts may take the form of a purchase order, or other instrument. Contracts must be in writing of the in order for the city to be legally committed to expend funds. Such funds may be expended in exchange for goods, professional services, standard services, and architect/engineering or construction. The city may also enter into agreements to cooperate with other governmental entities through memoranda of understanding.

Contractor

Means any person or business having a contract with the governmental body

Cooperative Purchasing

Means procurement conducted by, or on behalf of, more than one public procurement unit

Days

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Means calendar days and shall be computed pursuant to A.R.S. 1-243

Debarment

Means an action taken by the city under section 805 to prohibit a person from participating in city procurements

Default

Failure on behalf of a contractor to fulfill the requirements of the contract commonly a result of poor performance, inability to perform, unreasonable delays, loss of insurance or bond or other deviation from the contract.

Demonstration Method

Demonstration method is a short-term, carefully planned pilot exercise designed to test and evaluate the feasibility and up to ability of an innovative products, approach or technology. Not currently used by the city. At the conclusion of the contract term, based on the document results of the project, the agency determines whether to competitively acquire or to discontinue the use of the product, approach or technology.

Emergency Procurement

Method of procurement used to obtain goods and services very quickly, and many instances without competition won an agency must address threats to public health or safety or provide a necessary service on an emergency basis.

Filed

Means delivery to the City Clerk or the Purchasing Agent, whichever is applicable, a time/date mark affixed to a document shall be determinative of the time of delivery for purpose of filing.

Finance Director

Fiscal

A term which refers to financial matters

Fiscal Year

The city's financial activity is established by virtue of an annual budget. All expenditures made pursuant to that budget are based upon a "fiscal year", that is, twelve months established by legislative activity were local rule. The fiscal year may or may not be the calendar year. July 1st through June 30th

Franchise

A franchise is a contract that confers the right to occupy or use city property such as streets and parks, to provide a public service such as telecommunications and transportation services.

Goods

A budget/fiscal category includes the purchases of physical items.

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Government to Government Procurement

Is a method of procurement which allows the city of Somerton to obtain goods and/or services from another part, governmental and succeed? In such cases, the accepted price terms and conditions achieved by another other governmental agency are deemed to meet the public need for competitiveness in the procurement process, intergovernmental purchase and FastTrack method that enables city agencies to buy goods or services using pre-existing contracts between vendors and other government agencies.

Line Item Appropriation

As part of the city's budget process, the city Council provides funding too directly to specific vendors such as a community-based human services organization or other nonprofit group.

Negotiated Acquisition

A procurement method used to obtain services when only a few vendors are available to provide the goods and or services needed, when there's limited time available to procure the necessary goods and services, or when a competitive procurement process is otherwise not feasible. This method is often used for a variety of litigation support services.

Negotiated Acquisition Extension

A negotiated acquisition extension is and amendments to an existing contracts. It is rarely used but is sometimes the only option to extend an on-going contract when renewals have been used up or are unavailable. These extensions of ensure that services may continue uninterrupted and may extend the amount of time, money or both time and money allocated to complete a project. Extensions require approval through the normal approval processes.

Non-Responsible

A vendor that lacks the business integrity, financial capacity and/or ability to perform the requirements of a particular contract will be determined by the agency to be a non-responsible bidder/proposer and thus eligible to be awarded a contract with the city. The vendor that is found on responsible made appeal that determination as set out in the use rules

Prime Contractor

Also referred to as a "contractor" or "General Contractor" in construction services industry, it refers to a company or an individual who has entered into an agreement with the city to provide goods and services.

Procurement

The city's purchasing process, which includes vendor selection, payment, contract monitoring and administration, and evaluation of vendors.

Professional Services

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Professional services are a class of services that require an individual to hold an advanced degree or have experience in a specialized field. Professional services are usually procured through a request for proposals, where emphasis is placed on the quality of the vendors approach, as the service is likely to be highly individualized. Services of this type include: legal, management consulting, information technology, accounting, auditing, actuarial, advertising, health, architecture, construction management, and environmental analysis.

Protest

Vendors that object to any aspect of a procurement and/or the resulting word such as the qualifications of the winning vendor, may file a vendor protest as set out above. This does not apply to accelerated procurements, emergency procurements, or small purchases.

Public Hearing

Public hearings are held in contract awards to make the process transparent and to give the public an opportunity to comment on proposed terms. The city conducts hearings on most contracts valued above \$30,000.00. Departments may cancel a public hearing, if, after notice is published, no member of the public indicates an interest in testifying.

Purchase Order

Requisition

The process through which the City's fiscal agents accomplish the following:

- 1.) Encumber or hold funds to insurer payment to the vendor on successful completion of the contract;
- 2.) Record all city contracts and agreements;
- 3.) Track city payments and revenue associated with each contract or agreement;
- 4.) Objects if there is evidence of corruption related to the procurement process itself or with the selected vendor.

Renewal Contract

Procurement method used to continue operation of a registered contract that includes one or more options to renew

Request for Proposals (RFP)

See: (above) Competitive Sealed Proposals

Responsible Bidder or Proposer

A vendor that has the capability and all respects to perform in full the contract requirements in the business integrity and reliability that will assure good performance and justify the award of public tax dollars

Small Purchase

Method of procurement used for buying goods, services and construction valued at between \$0 to \$1,000.

Sole Source Contract

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A procurement method, which may only be used when one vendor is available to provide the goods or services

Solicitation

A solicitation is a process of notifying potential vendors that an agency wishes to receive bids or proposals for furnishing goods, services or construction. The process may include public advertising, mailing invitations for bids and request for proposals, posting notices come into her delivery of telephone or fax messages to prospective vendors.

Standardized Services

Standardized services typically do not require the provider to have experience in a specialized field or hold an advanced degree. The standard I services clearly defined and highly commoditized: procurements for the services are generally awarded based on the lowest price. Examples include janitorial, collection and food related services.

Subcontractor

An individual or entity that has entered into an agreement with a contractor to provide goods and services required pursuant to a contract.

Time

Means Mountain Standard Time

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Appendix A
DISCLOSURE OF RESPONSIBILITY STATEMENT

1. List any convictions of any person, subsidiary or affiliate of the company arising out of obtaining or attempting to obtain a public or private contract or subcontract, or in the performance of such contract or subcontract.

2. List any convictions of any person, subsidiary, or affiliate of this company for offenses such as embezzlement, theft, fraudulent schemes, etc. or any other offenses indicating a lack of business integrity or business honesty which affects the responsibility of the contractor. (See procurement policy section 6.2 for types of offenses.)

3. List any convictions or civil judgments under state or federal antitrust statutes.

4. List any violations of contract provisions such as knowingly (without good cause) to perform, or unsatisfactory performance, in accordance with the specifications of a contract.

5. List any prior suspensions or debarments by any governmental agency.

6. List any contracts not completed on time.

7. List any penalties imposed for time delays and/or quality of materials and workmanship.

8. List any documented violations of federal or state labor laws, regulations, or standards, occupational safety and health rules.

I, _____, as _____
Name of individual Title & Authority

City of Somerton
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Appendix A

Of _____, declare under oath that
Company Name

the above statements, including any supplemental responses attached hereto, are true.

Signature

State of _____

City of _____

Subscribed and sworn to before me on this _____ day of _____

20____ by _____ representing him/herself to be
_____ of the company named herein.

Notary public

My Commission expires:

Residing at:

City of Somerton
2008 Procurement Manual
Appendix B
AFFIDAVIT BY CONTRACTOR
CERTIFYING THAT THERE WAS NO
COLLUSION IN BIDDING FOR CONTRACT

STATE OF ARIZONA)

) ss

CITY OF:)

(Name of Company, Representative)
being first duly sworn, deposes and says:

That she/he is _____ of
(Title)

(Name of Company)

And that pursuant to Section 112 (C) of Title 23 USC, he/she certifies as follows: That
neither he/she nor anyone associated with the said

(Name of Company)

has, directly or indirectly entered into any agreement, participated in any collusion or
otherwise taken any action in restraint of free competitive bidding for the bid for the:

By: _____
(Name of Individual/Representative)

Subscribed and sworn to before me this _____ day of _____, 20____

Title: _____

My Commission expires: _____

(Notary Public)

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Appendix C

VENDOR EVALUATION FORM

Department Name: _____

Vendor Name: _____

Bid/RFP #: _____

Contract Award Date: _____

Type of Service Provided: _____

Rate the Following Service Issues

Quality of Service	4	3	2	1
Delivery Time of Goods or Services	4	3	2	1
Quality of Product or Service	4	3	2	1
Responsiveness to Departmental Questions/Concerns	4	3	2	1
1 - Poor 2 - Fair 3 - Good 4 - Excellent				

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Appendix D

CITY OF SOMERTON
Form Number 105
(Rev. 03/93)

<i>CHECK REQUEST</i>

Payable To

<i>ACCOUNT</i>	<i>EXPLANATION</i>	<i>AMOUNT</i>
<i>TOTAL AMOUNT OF REQUEST</i>		\$

REQUESTED BY: _____ *DATE:* _____

APPROVED BY _____ *DATE* / /

APPROVED BY _____ *DATE* / /

PREPARED BY _____ *DATE* / /

CHECK NUMBER: _____



City of Somerton

**Wells Fargo Bank
WellsOneSM Commercial Card Program**

Policy and Procedures Manual

August 7th, 2007

**City of Somerton
WellsOne Commercial Card
Policy and Procedures**

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Introduction

**City of Somerton
WellsOne Commercial Card
Policy and Procedures**

Welcome to the WellsOne Commercial Card Program!

The purpose of the WellsOne Commercial Card Program is to streamline and simplify the requisitioning, purchasing and payment process for small dollar transactions. The program is designed to shorten the approval process and reduce the paperwork of procurement procedures such as purchase orders, petty cash, check requests and expense reimbursements. The goal of the program is to:

- Reduce the cost of processing small dollar purchases
- Receive faster delivery of required merchandise
- Simplify the payment process
- Provide cardholders with empowerment to choose!

This reference guide will provide you with the particulars of the program, including general guidelines, reconciliation and record keeping procedures, and customer service information. It is important to read the following information carefully, as you will be responsible for adhering to the City-established policy and procedures.

As with any new process, it is difficult to anticipate every question or issue that may arise. The pilot phase is intended to surface procedures, issues or hurdles that may be encountered in using the card. The feedback will give us an opportunity to refine our policies and procedures.

If you have any additional questions, please contact your Department Head or your card program administrators:

**City of Somerton
110 N. State Avenue
PO Box 638
Somerton, AZ 85350**

**Gary Halford
Phone: 928-627-8866
Fax: 928-627-3794
Email: garyh@cityofsomerton.com**

**Gina Johannsen
Phone: 928-627-8866
Fax: 928-627-3794
Email: gjohannsen@cityofsomerton.com**

**Rita Valtierra
Phone: 928-627-8866
Fax: 928-627-3794
Email: ritav@cityofsomerton.com**

General Guidelines

Card Issuance:

**City of Somerton
WellsOne Commercial Card
Policy and Procedures**

As a cardholder, you will be asked to complete a cardholder application form, which will then be signed, by your Department Head and the Program Administrator. By signing the application form, you have agreed to adhere to the guidelines established in this manual. Most importantly, you are the only person entitled to use the card and the card is not to be used for personal use. As each card is linked to a specific cost center and individual employee, the card cannot be transferred from one employee to another.

Upon receipt of your WellsOne Commercial Card, you will need to activate the account by calling the toll-free number printed on the card. For verification purposes, you will be asked to provide a piece of information, such as the last four digits of your Social Security Number. Although the card will be issued in your name, your personal credit history will not affect your ability to obtain a card. The City is responsible for payment of all purchases.

Account Maintenance:

If there's a need to change any information regarding your account, such as mailing address or expense accounting code, please complete the Account Maintenance Form (see Attachment II) and forward to your Program Administrator. The only account information you are able to change online is the email address and the automatic deposit (ACH) information.

Card Usage:

The WellsOne Commercial Card can be used at any merchant that accepts Visa, except as the City otherwise directs. It may be used for in-store purchases as well as online, phone, fax or mail orders. There is no special terminal or equipment needed by the Visa merchant to process a card transaction.

When using the card with merchants, please emphasize that an invoice must not be sent as this may result in a duplicate payment. For online, phone, fax and mail orders, please instruct the merchant to send a receipt only. This receipt must be retained for your records. When possible, print a copy of the receipt from the on-line vendor

Preferred Vendors vs. Vendors Not Accepting Visa:

Please refer to Attachment III for a listing of our preferred vendors. Whenever possible, please be sure to use these vendors.

Not all of your suppliers will accept Visa. However, as card programs become more and more popular, vendors will want to accommodate their customers by accepting Visa as a method of payment. If you have a vendor who does not accept Visa, please contact your Program Administrator. Your administrator will work with Wells Fargo Bank to communicate our desire, and the benefits, of accepting Visa. Alternatively, you may advise the vendor to contact its local bank for details of becoming a Visa member. It will be to our benefit, and the success of the program, if as many suppliers as possible are Visa merchants.

Limitations and Restrictions:

Your program administrator has assigned a credit limit to your card where every cardholder has a total monthly dollar limit assigned to his/her account. As limitations vary by cardholder, please discuss the limit with your respective Department Head. If

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you believe your monthly limit to be insufficient for your requirements, and your Department Head agrees, your Department Head must contact the Program Administrator to have your limit(s) increased.

The WellsOne Commercial Card Program also allows for merchant category blocking. If a particular merchant category is blocked (e.g., jewelry stores), and you attempt to use your card at such a merchant, your purchase will be declined. Management has made an effort to ensure that the vendors/suppliers used during the normal course of business are not restricted. If your card is refused at a merchant where you believe it should have been accepted, you should call the Wells Fargo Business Purchasing Service Center at 1-800-932-0036 to determine the reason for refusal. Depending on the result of your inquiry, you may want to discuss the issue further with your Program Administrator. He/she (Administrator) is empowered to modify the restrictions on your use of the card.

IMPORTANT: All requests for changes in limitations and restrictions must be made through your Department Head or the Program Administrator. Wells Fargo Bank will change existing cardholder restrictions only after a request is received from the Program Administrator.

Lost or Stolen Cards:

You are responsible for the security of your card and any purchases made on your account. If you believe you have lost your card or that it has been stolen, immediately report this information to Wells Fargo Bank Business Purchasing Service Center (BPSC) at 800-932-0036. Immediately after reporting to the BPSC, you must inform your Program Administrator. It is extremely important to act promptly in the event of a lost or stolen card to avoid City liability for fraudulent transactions.

As with a personal charge card, you will no longer be able to use the account number after notifying the bank. A new card should be issued within 48 hours of notice to Wells Fargo Bank.

Authorized Purchases

Purchases may include:

- Office supplies and forms
- Books and subscriptions
- Computer supplies, e.g., software and diskettes
- Day timers and calendars
- Professional membership dues
- Hardware and tools
- Spare parts
- Miscellaneous items, e.g., videotapes
- Congratulatory or sympathy flowers
- Uniform Rentals/Cleaning
- Courier/Overnight Deliveries
- Mobile Phones & Pager Bills
- Travel and Entertainment Expenses
- City Vehicle Expenses

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Please refer to the attached preferred vendor listing. Whenever possible, please purchase merchandise and/or materials from these vendors.

As with any City purchase, the card is not to be used for any product, service or with any merchant considered to be inappropriate for City funds.

Failure to comply with the above guidelines for authorized purchases under the WellsOne Commercial Card Program may result in disciplinary action, cancellation of your card privileges, and possible termination of employment.

Reconciliation and Payment

Unlike personal credit cards, the WellsOne Commercial Card Program is handled as city liability. Your personal credit history has not been taken into account when a card has been issued in your name.

The Accounts Payable Department is responsible for paying the Program invoice(s) each month. You are not responsible for payment under your account.

At the end of a statement period, you will be notified via email that it is time to review your card statement. You will access the Commercial Card Expense Reporting tool via the Internet to review your statement. The statement will reflect the transaction date, posting date, supplier/merchant name and the total amount of the purchase. You have the ability to reconcile your account at any time.

You are responsible for the following:

- Retaining all receipts for items purchased under the program.
- Ensuring all transactions posted are legitimate purchases made by yourself on behalf of the City.

Receipt Retention/Record Log:

It is a requirement of the program that you keep all receipts for goods and services purchased. For orders placed via phone, fax or mail, or online, you must request a receipt, detailing merchandise price, sales/use tax, freight, etc., be included with the goods mailed/shipped. (Note: a merchant should not reject this request, as it is a Visa policy). It is extremely important to request and retain purchase receipts, as this is the only original documentation that shows whether sales tax has been paid.

To assist you in retaining receipts for purchases made over the phone, please create a phone and internet purchase record log. Since standard reimbursement policies require retention of receipts or other proof of purchase, record keeping is not an extraordinary requirement.

As card records will be audited from time to time, it is essential to adhere to the above record keeping guidelines.

Reconciliation of Purchases:

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It is your responsibility, immediately upon receipt of your statement to check it to ensure all the transactions posted are legitimate transactions made by yourself, mark transactions for which receipts will be attached, and attach line item detailed point of sale receipts or delivery invoices. Other optional functions such as splitting transactions, adding descriptions, marking transactions as personal, and reclassifying expenses can be performed using the Commercial Card Expense Reporting tool. All of the available functions will be part of your initial training and can be referenced in the Cardholder Quick Reference Guide. If everything is in order, you will mark the statement as reviewed. Once your statement has been marked as reviewed, an email will be issued to your Department Head for his/her approval. Follow City procedures for forwarding the receipts to your Department Head. Please make copies for your records.

Disputed or Fraudulent Charges:

If there is a discrepancy between your record log and your statement, it is imperative that the issue is addressed immediately! Depending on the type of discrepancy, you will need to contact the merchant or complete the online dispute form to resolve the disputed transaction.

If you believe the merchant has charged you incorrectly or there is an outstanding quality or service issue, you must first contact the merchant and try to resolve the error or problem. If you are able to resolve the matter directly with the merchant, and the error involved an overcharge, a credit adjustment should be requested and will appear on your next statement. Note: The item should be highlighted on your record log as a reminder to verify that correct credit has been received.

If the merchant disagrees that an adjustment is necessary, you will complete the online dispute form. The details of the disputed transaction will be entered online and followed up on by Wells Fargo Bank.

Wells Fargo Bank must receive any charge dispute within 60 days of the transaction date. While pending resolution, Wells Fargo Bank will credit the City's account for the amount of the disputed transaction. Although Wells Fargo Bank acts as the arbitrator in any dispute, you should never assume that a dispute will be resolved in your favor.

If the dispute is not resolved to your satisfaction, and you believe the merchant has unfairly treated you, please notify your Department Head with the relevant details. If the merchant is one of our preferred vendors, our purchasing department may take further action.

Any fraudulent charge (i.e., a charge appearing which was not authorized by you) must be reported immediately to your Program Administrator. Prompt reporting of any such charge will help to prevent the City from being held responsible.

Sales and Use Tax

Merchants are required by tax authorities to include the applicable sales or use tax at the time of purchase. The amount of tax is dependent on a variety of factors including the state, country and city where the goods are purchased.

All merchandise not purchased for resale should include the applicable sales tax.

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Out-of-state purchases, where sales tax has not been charged, should accrue the applicable use tax.

If your purchases are usually tax-exempt, you will be required to provide merchants with the necessary forms for non-taxable goods or services. Your program may require that you have two cards, one for tax-exempt and one for taxable items. Questions regarding this policy and any other questions concerning tax issues should be addressed to your Program Administrator.

Common Questions and Concerns

- **Why did the City decide to participate in a Commercial Card Program?**

Like most companies today, we are exploring ways to streamline processes and reduce costs. Frequently the expenses incurred to process a small dollar purchase can run as high as the price of the item itself.

With a commercial card, many of the typical purchasing steps should be eliminated including, generating a requisition, preparing a purchase order, matching a packing slip to a purchase order, matching invoices with purchasing requisitions, individual payments of invoices, etc.

- **What is the procedure when I pay for something with my commercial card?**

Essentially, the process is the same as when using your personal credit card. You must always ask for a receipt for your records, particularly for online, phone, fax and mail orders.

- **Are there any restrictions associated with the use of my card?**

Yes, in addition to our City policy stating the type of products you can buy and our preferred vendor list, other controls and limits may be placed on your card including:

- Monthly dollar limit
- Daily dollar limit
- Per transaction dollar limit
- “Blocked” merchant categories

Please see your Department Head or Program Administrator for your specific restrictions.

- **How will I know if I have exceeded my monthly limit?**

You can check you balance and expenditures online at any time. You may also call the toll-free Wells Fargo Bank Customer Service number on the back of your card.

- **What should I do if a supplier does not accept the WellsOne Commercial Card?**

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Please contact your Program Administrator and provide him/her with the supplier's name, address and phone number.

- **How will I know if the City is getting billed correctly for the purchases I have made?**

You will be able to check all transactions online at any time. You will also review your statements at the end of each period. This statement is for your review only and allows you to reconcile your purchases. You must review the statement in a timely manner, as any disputed or fraudulent transactions must be reported to Wells Fargo Bank in a timely manner.

- **How will my monthly commercial card bills be paid?**

You are not responsible for the payment of your commercial card bills. The monthly statement you receive is for your review and reconciliation only. Accounts Payable will make one monthly payment to Wells Fargo Bank covering expenses for all City employees using the card.

- **Who in our City may I talk to if I have questions going forward?**

We have designated the following individual(s) as Program Administrator(s) (PA). Administrative Services Director, the PA should be contacted for any questions you have regarding limits, usage and other issues.

Only the PA has the authority to change any existing information or restrictions to a cardholder's account.

- **What should I do if I have a problem associated with something I bought with my WellsOne Commercial Card?**

Please refer to the "Disputed or Fraudulent Charges" section of this guide for complete details. It is extremely important that you address these items immediately.

- **Once I receive the card, can I begin using it immediately?**

Once you receive your card, you will be instructed to call Wells Fargo Bank's toll-free number and provide certain information (e.g., social security number or other meaningful data) to activate the card. This procedure ensures a secure card issuance process and helps to prevent fraud.

- **What should I do if my card is lost or stolen?**

It is extremely important to call Wells Fargo Bank's Customer Service toll-free number (1-800-932-0036) immediately in the event your card is lost or stolen. You must also notify your Program Administrator.

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- **Can another employee utilize my card for purchases?**

Each WellsOne Commercial Card will be embossed with the individual employee's name. The employee is responsible for the proper use of his/her card. At no time should another individual utilize your card.

- **Can the WellsOne Commercial Card be used out the United States?**

Yes, the WellsOne Commercial Card is accepted worldwide. Purchases can be made in any currency and billed in U.S. Dollars.

- **What should I do if I need to change my monthly or single purchase limits?**

You may request a credit limit change online under the Personal Profile tab or contact your Program Administrator.

City of Somerton
WellsOne Commercial Card
Policy and Procedures
Attachment I of Appendix E
Cardholder User Agreement

You are being entrusted with a City of Somerton purchasing credit card, issued by Wells Fargo Bank. The card is provided to you based on your need to operate locally on a daily basis and to purchase materials for the city. It is not an entitlement nor reflective of title or position. The card may be revoked at any time without your permission. Your signature below indicates that you have read and will comply with the terms of this agreement.

1. I understand that I will be making financial commitments on behalf of the City Of Somerton and will strive to obtain the best value for the city.
2. I have read and will follow the Purchasing Card Policies and Procedures. Failure to do so could be considered a misappropriation of City of Somerton funds. Failure to comply with this Agreement may result in either revocation of my use privileges or other corrective action, up to and including termination.
3. I understand that under no circumstances will I use the Purchasing Card to make personal purchases, either for myself or for others. Using the card for personal charges could be considered misappropriation of city funds and could result in corrective action, up to and including termination of employment.
4. I agree that should I violate the terms of this Agreement and use the Purchasing Card for personal use, the City Of Somerton shall have the right to deduct any amounts owed, including but not limited to charges incurred from collection agencies, internal administration costs, court costs, etc, from my paycheck or final paycheck. The laws of the state of Arizona shall govern the enforceability of this agreement.
5. The Purchasing Card is issued in my name. I will not allow any other person to use the card. I am considered responsible for any and all charges against the card.
6. The Purchasing Card is City property. As such, I understand that I may be periodically required to comply with internal control procedures designed to protect City of Somerton assets. This may include being asked to produce the card to validate its existence and account number.
7. If the card is lost or stolen, I will immediately notify Wells Fargo Bank by telephone at 800-932-0036 and the Program Administrator.
8. I will receive a monthly statement, which will report all purchasing activity during the statement period. Since I am responsible for all charges (but not for payment) on the card, I will reconcile the statement each month, make any coding changes to the expenses if needed, and resolve any discrepancies by either contacting the merchant or Wells Fargo Bank myself.
9. I agree to surrender the Purchasing Card immediately upon termination of employment, whether for retirement, voluntary, or involuntary reasons.

Employee Name (Print)

Last 8 Digits of Card Number

Employee Signature

Date

Attachment I of Appendix E

Attachment II of Appendix E
Purchasing Card Account Maintenance Form

Type of Request (Circle One):

- | | | |
|--------------------|---------------------------------------|--|
| A. New Account | E. Staff Relocation - New GL: _____ | |
| B. Address Change | F. Temporary Increase, Amount: _____ | |
| C. Account Closure | Reason: _____ | |
| D. Name Change | Date: _____ | |
| | G. Single Transaction Increase: _____ | |
| | H. Other: Describe _____ | |

To Add a new Account (Request "A")

1. Circle "New Account" under Type of Request Above"
2. Complete the section under "Card Information"

To Change Information on An Existing Account (all Other requests)

1. Indicate Type of Request Above
2. Fill in Last 8 Digits of Account Number: _____
3. Fill In Current Name on Card: _____
4. Complete only the Fields to be Changed in Card

Information Section:

Name (24 Characters) Embossed on Card _____	Last 5 Digits of Card Holder's Number _____
Address (36 Characters Maximum) _____	Job Title _____
City (25 Characters Maximum) _____	Dept/GL Information _____
State (2 Characters) Zip Code _____	

Authorization

_____ Employee Signature	_____ Date
_____ Approving Director Signature	_____ Date
_____ Program Administrator Signature	_____ Date

Attachment II of Appendix E
Purchasing Card Account Maintenance Form

Appendix III Preferred Vendor's List

See Program Administrator for update vendor's list:

Attachment IV of Appendix E
Wells Fargo Bank Commercial Card Dispute Form

Wells Fargo must receive transaction dispute within 60 days of posting to your account.
Attn: Dispute & Loss Specialist

Date: _____

Company Name: __ City Of Somerton _____

Account Number: _____

Transaction Date: _____ Amount: _____

Merchant Description: _____

Please take a moment and check the appropriate statement that validates your dispute.
Please attach any supporting documentation that validates your dispute, such as: credit memos, letter to merchants, sales slips or proof of payments.

____ I certify that the transaction disputed was not made by me or the person authorized by me to use the card, nor were the goods or services represented by this transaction received by myself or a person authorized by me.

____ Although I did engage in the above transaction, I am disputing the entire charge, or a portion in the amount of \$ _____. I have contacted the merchant and requested a credit to my account for the reason explained in the attached letter.

____ The enclosed sales slip for \$ _____ appeared on my statement as \$ _____.

____ The enclosed credit memo: ____ has not posted to my account OR was listed as a purchase on my statement/activity report.

____ I did not receive the service and/or merchandise. I have contacted the merchant and they have not resolved my dispute. I expected to receive the merchandise/services on ____/____/____.

____ I have already paid for the transactions shown above by: ____ check ____ cash ____ money order ____ other credit card.

Your Signature

Date

Phone Number

Please return this form immediately. We appreciate your cooperation and urge you to contact us at 800-932-0036, if you have any questions. Fax completed form to 415-975-6635.

Attachment V of Appendix E
Declaration of Forgery or Unauthorized Use

Re: Wells Fargo WellsOne Commercial Card

Account Number: _____

I, _____, have reported that my above numbered card or account. (Please check and complete applicable section)

____ With an expiration date of _____ was not received by me.

____ Was discovered missing on _____.

____ Was stolen on _____, at _____.

____ I have notified the _____ police, who took report # _____.

____ May have been used without my authorization, though valid card was in my possession at all times.

____ Additional information enclosed on separate sheet.

I last used the said card on _____, 20__ in the city of _____.
Any duplicate of such card has been destroyed.

The transaction(s) listed below or on the attached sheet and/or transaction made after the date of the last usage were not made by me or by a person acting with my authorization. I received no benefit whatsoever from such use. I further authorize you to accept my telephone verification of any subsequent transaction(s).

TRANSACTION DESCRIPTION	TRANSACTION DATE	AMOUNT
_____	_____	_____
_____	_____	_____
_____	_____	_____

I declare under penalty of perjury that the foregoing is true and correct, and I will testify, declare, depose or certify to the truth hereof before any competent tribunal, officer or person in any case now or hereafter pending in connection with the matters contained within this declaration

Executed at (City/County and State) _____ Date _____

Signature of Cardholder

Signature of Other Authorized User

Signature Of Other Authorized User

STATE OF ARIZONA }

} ss.

County of Yuma }

SUBSCRIBED AND SWORN before me this _____ day of _____, 200_ by

_____.

Notary Public

My commission expires: _____